
Purchase Agreement

Dated as of November 5, 1985

among

CMC Holding Company, Inc.,

The Employee Stock Ownership Plan
of Crucible Materials Corporation,

Colt Industries Inc,

Colt Industries Operating Corp,

and

Garlock Inc

PURCHASE AGREEMENT

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PURCHASE AGREEMENT

Purchase Agreement dated as of November 5, 1985 (the "Agreement"), among CMC HOLDING COMPANY, INC., a Delaware corporation ("Holding"), THE EMPLOYEE STOCK OWNERSHIP PLAN OF CRUCIBLE MATERIALS CORPORATION (the "ESOP"), COLT INDUSTRIES INC, a Pennsylvania corporation ("Colt"), COLT INDUSTRIES OPERATING CORP, a Delaware corporation ("Operating"), and GARLOCK INC, an Ohio corporation ("Garlock").

Preliminary Statement

Operating owns all of the outstanding capital stock of Crucible Materials Corporation, a Delaware corporation ("Crucible"), which outstanding capital stock consists on the date hereof of 1,000 shares of common stock, par value \$1 per share ("Common Stock"), and Garlock at the Closing Date hereafter referred to will own all of the outstanding capital stock of Crusteel Limited, an English company ("Crusteel"). Crucible and Crusteel are herein collectively known as the "Companies" and individually as a "Company". Holding and the ESOP are herein collectively known as the "Purchasers".

On the Closing Date (as defined in Section 2 hereof), Operating intends to cause a recapitalization (the

"Recapitalization") of Crucible, as set forth in the form of Agreement of Exchange and Reorganization attached hereto as Exhibit A (the "Exchange Agreement"), pursuant to which Recapitalization Operating will, subject to Section 1(i) hereof, receive in exchange for 1,000 shares of Common Stock (i) 200,000 shares of 13% cumulative convertible preferred stock, Series A, par value \$100 per share, of Crucible (the "Crucible Series A Preferred Stock"), less such number of shares of Crucible Series A Preferred Stock as shall have an aggregate par value equal to the amount, if any, by which the Colt Common Stock Amount (as defined in Section 1(b)(i) hereof) exceeds \$15,000,000, (ii) such number of shares (the "Employee Preferred Amount") of the 16.5% cumulative convertible preferred stock, Series B, par value \$100 per share, of Crucible ("Crucible Series B Preferred Stock") as shall have an aggregate par value equal to the Employee Preferred Value (as defined in Section 1(h) hereof); (iii) 63,000 shares of 16.5% cumulative convertible preferred stock, Series C, par value \$100 per share, of Crucible ("Crucible Series C Preferred Stock"), and (iv) 3,000,000 shares of common stock of Crucible, without par value, stated value \$10 per share of Crucible ("Crucible Common Stock"), plus such number of shares (the "Employee Common Amount") of Crucible Common Stock as shall have an

aggregate stated value equal to the Employee Common Value (as defined in Section 1(h) hereof).

Operating desires to sell the shares of Crucible to the Purchasers, Garlock desires to sell the shares of Crusteel to Holding, the Purchasers desire to purchase the shares of Crucible and Holding desires to purchase the shares of Crusteel, in accordance with the agreements set forth below. Colt owns all of the outstanding stock of Operating and Garlock and is entering into this Agreement in order to make certain other agreements and to induce the Purchasers to become parties hereto.

1. Sale of Shares. (a) On the basis of the representations and subject to the terms and conditions set forth in this Agreement, Operating agrees to transfer and deliver to Holding on the Closing Date (i) such number of shares of Crucible Common Stock as is equal to the Employee Common Amount, (ii) such number of shares of Crucible Series B Preferred Stock as is equal to the Employee Preferred Amount and (iii) all outstanding shares of Crucible Series C Preferred Stock and to transfer and deliver to the ESOP on the Closing Date 3,000,000 shares of Crucible Common Stock, and Garlock agrees to transfer and deliver to Holding on the Closing Date all of the outstanding shares of capital stock of Crusteel. Operating and

Garlock, respectively, shall deliver certificates for such shares of Crucible Common Stock, Crucible Series B Preferred Stock, Crucible Series C Preferred Stock and capital stock of Crusteel duly endorsed in blank or accompanied by duly executed stock powers, and with transfer taxes and stamp taxes, if any, paid or provided for.

(b) Against delivery of such shares of Crucible Common Stock, Crucible Series B Preferred Stock, all the outstanding shares of Crucible Series C Preferred Stock, and all of the outstanding shares of capital stock of Crusteel, Holding shall deliver on the Closing Date, subject to adjustment as provided in Sections 1(i) and 3(c) hereof, the purchase price (the "Purchase Price") of \$99,500,000, which Purchase Price shall be comprised of the following:

(i) all the shares of Common Stock, par value \$1.00 per share, of Colt ("Colt Common Stock"), held on the Closing Date (and as to which withdrawal or transfer rights had not been exercised prior to the Closing Date) by the trustee for The Crucible Fund for Eligible Salaried Employees of all Divisions of Crucible Materials Corporation (the "Crucible Fund"), such shares to be received by Holding from such trustee on the Closing Date as provided in Section 1(h) hereof, valued at the higher of a price per share of Colt Common Stock of (a) \$70.00, or (b) 115% of the average of the closing

market prices on the New York Stock Exchange of Colt Common Stock for the five trading days immediately preceding the Closing Date (the aggregate value of such shares of Colt Common Stock being herein referred to as the "Colt Common Stock Amount");

(ii) its assumption, pursuant to Section 7(d) and the Plan of Merger (as defined in Section 1(i)), of primary indebtedness in respect of the IDBs (as defined in Section 7(d)) in the aggregate amount of principal and accrued interest (net of funds maintained in construction or bond funds relating to such IDBs) of \$12,500,000, such assumption being valued at such amount; and

(iii) cash for the remaining balance of such purchase price, of which \$2,100,000 shall be payable to Garlock and the balance shall be payable to Operating, in each case by wire transfer of immediately available funds to their respective accounts.

(c) Against delivery of such 3,000,000 shares of Crucible Common Stock, the ESOP shall deliver to Operating on the Closing Date, subject to subsequent adjustment as provided in Section 3(c) hereof, the purchase price of \$30,000,000 by wire transfer of immediately available funds to the account of Operating.

(d) The relative rights and preferences of the various series of Preferred Stock of Crucible and New Crucible shall be as set forth in the Certificate of Resolution of Crucible, which Certificate is attached hereto as Exhibit B, and which Resolution shall be adopted by Crucible as part of the Recapitalization.

(e) On the Closing Date, Holding proposes to cause Crucible to enter into a loan agreement satisfactory to Crucible and the parties hereto (the "Loan Agreement") providing for a revolving line of credit of up to \$75,000,000 proposed to be extended to New Crucible (as defined in Section 1(j)) on the Closing Date, and related agreements as to collateral satisfactory to Crucible and the parties hereto (the "Revolver Security Agreements") with a group of financial institutions (the "Lenders") represented by Mellon Bank, N.A. It is also proposed that on the Closing Date Holding will cause Crucible to enter into a Loan Agreement with Mellon Bank N.A. ("Mellon") satisfactory to Crucible and the parties hereto (the "Mellon Term Loan Agreement"), providing for a term loan in the principal amount of \$16,000,000 (the "Mellon Term Loan") proposed to be made on the Closing Date by Mellon to New Crucible, and related agreements as to collateral satisfactory to Crucible and the parties hereto (the "Term Loan Security Agreements") and that the Mellon Term Loan be guaranteed by Colt pursuant

to a Guarantee Agreement satisfactory to Colt and Mellon (the "Colt/Mellon Guarantee").

(f) On the Closing Date, Holding proposes to cause Crucible to enter into, with The Chase Manhattan Bank, N.A. ("Chase"), a loan agreement satisfactory to Crucible and the parties hereto (the "Chase Loan Agreement"), providing for a term loan in the principal amount of \$30,000,000 (the "Chase Term Loan"), proposed to be made on the Closing Date by Chase to New Crucible. The proceeds of the Chase Term Loan shall be loaned by New Crucible to the ESOP, in exchange for a promissory note of the ESOP (the "ESOP Note") in the principal amount of \$30,000,000 and satisfactory in form to Crucible and the parties hereto, to fund the acquisition by the ESOP on the Closing Date (after the sale of shares to Holding and the effectiveness of the Plan of Merger referred to in Section 1(j)) of Crucible Common Stock pursuant to Section 1(c) hereof. It is proposed that the ESOP Note will be secured by a pledge of the shares of the Crucible Common Stock so acquired (the "ESOP Pledge"). It is proposed that the Chase Term Loan and the Mellon Term Loan be equally and ratably secured by and under the Term Loan Security Agreements. It is proposed that the Chase Term Loan also be secured by a Pledge and Security Agreement (the "Chase Pledge Agreement"), satisfactory to Crucible and the parties hereto. It is also proposed that

the Chase Term Loan be guaranteed by Colt pursuant to a Guarantee Agreement satisfactory to Colt and Chase (the "Colt/Chase Guarantee") and that Crucible shall assign to Colt all of its right, title and interest in and to the ESOP Pledge (the "Pledge Assignment"). The Lenders, Chase and Colt will enter into on the Closing Date an Inter-Creditor Agreement satisfactory to the parties hereto and consented to by Crucible (the "Inter-Creditor Agreement").

(g) On the Closing Date, it is proposed that Holding and Colt will enter into a revolving credit agreement (the "Standby Credit Agreement") providing for a standby working capital line of credit up to \$7,500,000 to be available to New Crucible commencing on January 1, 1987, but only at such times as the full amount then available under the Loan Agreement has been drawn down. The Standby Credit Agreement will extend for a period of three years from the Closing Date, provided that there is no reduction in the \$75,000,000 revolving line of credit under the Loan Agreement nor any modification of the determination of the Borrowing Base (as defined therein). Thereafter, the Standby Credit Agreement may be renewed by mutual agreement between New Crucible and Colt. The Standby Credit Agreement will include provisions for (i) repayment of amounts borrowed to the extent of any subsequent borrowing availability under the Loan Agreement; (ii) payment of

interest thereon at a rate per annum equal to the prime rate per annum as announced from time to time by Mellon Bank plus 1-3/4%; and (iii) a third lien on receivables, inventory and general intangibles and other assets, except fixed assets and patents.

(h) Holding proposes that as of the Closing Date, Crucible amend the Crucible Fund and the related trust agreement so as to permit the trustee for the Crucible Fund to exchange on the Closing Date all the Colt Common Stock held on the Closing Date by the trustee for the Crucible Fund for a combination of common stock without par, stated value \$10 per share of Holding (the "Holding Common Stock") and 16.5% cumulative convertible preferred stock, par value \$100 per share, of Holding ("Holding Series B Preferred Stock"), such that the ratio of the Employee Preferred Value (as hereinafter defined) to the Employee Common Value (as hereinafter defined) shall be two to one, subject to the existing withdrawal and transfer rights of employees (to the extent exercised prior to the Closing Date), which withdrawal and transfer rights Holding also proposes that Crucible amend as of the Closing Date. The exact number of shares to be exchanged will be determined as of the Closing Date on the basis of the Colt Common Stock Amount and the aggregate stated value of the Holding Common Stock and the aggregate par value of Holding Series B Preferred Stock.

The aggregate par value of the Holding Series B Preferred Stock to be exchanged pursuant to this Section 1(h) is herein referred to as the "Employee Preferred Value". The aggregate stated value of the Holding Common Stock to be exchanged pursuant to this Section 1(h) is herein referred to as the "Employee Common Value". Rider 10

(i) If the Colt Common Stock Amount shall be less than \$15,000,000, then Operating may elect, in its sole discretion, to increase the number of shares of Crucible Series B Preferred Stock and Crucible Common Stock to be exchanged pursuant to the Recapitalization to such number of shares of each as would have been exchanged if the Employee Preferred Value and Employee Common Stock Value were \$10,000,000 and \$5,000,000, respectively. If Operating shall make such an election, then the Purchase Price shall be reduced by an amount equal to (i) \$15,000,000 minus (ii) the Colt Common Stock Amount. If the Colt Common Stock Amount shall be greater than \$15,000,000, then the Purchase Price shall be increased by an amount equal to (i) the Colt Common Stock Amount minus (ii) \$15,000,000.

(j) On the Closing Date, Crucible and Holding shall merge pursuant to an Agreement and Plan of Merger (the "Plan of Merger") in the form attached hereto as Exhibit C to be entered into on the Closing Date by Crucible and Holding. Crucible shall be the surviving corporation (as such surviving corporation, Crucible is hereinafter referred

Rider 10

Notwithstanding the foregoing, if the Colt Common Stock Amount shall exceed \$15,000,000, then the shares of Colt Common Stock held by the trustee for the Crucible Fund attributable to such excess may be exchanged for such combination of Holding Series B Preferred Stock, Holding Common Stock or other series of stock of Holding (provided that such other series of stock shall have rights, preferences or privileges junior to the Crucible Series A Preferred Stock except to the extent that Crucible Series B Preferred Stock is on parity with Crucible Series A Preferred Stock) as shall be determined by the trustee of the ESOP, the trustee of the Crucible Fund and Crucible. Accordingly, Holding and Operating will authorize such number and series of shares as shall be appropriate.

to as "New Crucible"). Pursuant to such Plan of Merger, (i) holders of Holding Common Stock will receive one share of Crucible Common Stock in exchange for each share of Holding Common Stock, (ii) Operating will retain the shares of Crucible Series A Preferred Stock held by it, (iii) Operating will retain any shares of Crucible Series B Preferred Stock and Crucible Common Stock held by it, (iv) the Crucible Fund will receive one share of the Crucible Series B Preferred Stock purchased by Holding in exchange for each share of Holding Series B Preferred Stock, and (v) the holders of Holding Series C Preferred Stock will receive one share of Crucible Series C Preferred Stock purchased by Holding in exchange for each share of Holding Series C Preferred Stock. As a consequence of the Plan of Merger, New Crucible shall succeed to all Holding's rights and obligations hereunder.

(k) On the Closing Date, following the purchase of 3,000,000 shares of Crucible Common Stock by the ESOP pursuant to Section 1(c) hereof and effective concurrently therewith, the ESOP shall assign all its right, title and interest in and to Section 3 of this Purchase Agreement to New Crucible, New Crucible shall assume all obligations of the ESOP thereunder and the ESOP shall be released and discharged from all such obligations, all pursuant to a Consent and Assignment Agreement in the form attached hereto as Exhibit D (the "Assignment") to be entered into on

the Closing Date by the ESOP, Crucible, Holding, Colt, Operating and Garlock.

2. Closing. The Closing Date shall be December 16, 1985, or such other date as the parties hereto may agree, and the transactions contemplated hereby to be consummated on the Closing Date shall take place, after the satisfaction of the conditions thereto set forth herein, at the offices of Cravath, Swaine & Moore, One Chase Manhattan Plaza, New York, New York. Such events on the Closing Date are referred to herein as the "Closing".

3. Review; Adjustment of Purchase Price.

(a) Promptly following the Closing, Colt will prepare a combined balance sheet for the Crucible Materials Group (as defined in Section 5(d)) as of the Closing Date (the "Closing Balance Sheet"), in accordance with generally accepted accounting principles applied consistently with the audited balance sheet referred to in Section 5(d) hereof (except that in recording actual liabilities, no liability shall be disregarded on the basis of immateriality), which Closing Balance Sheet shall reflect the interim physical inventories taken by Crucible in the ordinary course of business. Colt and New Crucible will further cause Arthur Andersen & Co. ("AA"), independent public accountants for Colt, to review the Closing Balance Sheet in accordance with AICPA guidelines, which review shall not include a new physical

inventory in addition to the interim physical inventories referred to above and shall otherwise not constitute a full audit in accordance with generally accepted auditing standards. Colt will cause AA's report on its review to include New Crucible and the ESOP as addressees. New Crucible shall, and shall cause Crusteel to, cooperate fully with Colt in the preparation and with AA in the review of the Closing Balance Sheet. Such review by AA shall be subject to further review by Peat, Marwick, Mitchell & Co. ("PMM"). In conducting such further review, PMM will have full access (not later than the date of delivery by Colt to New Crucible of the Closing Balance Sheet pursuant to clause (b) below) to all work papers supporting the review by AA and to those personnel who conducted such review. New Crucible will cause PMM's report to include Colt, Operating, Garlock and the ESOP as addressees.

(b) Not later than 60 days following the Closing Date, Colt shall deliver to New Crucible the Closing Balance Sheet, as reviewed and reported on by AA. If PMM, based upon its own review, but not the taking of a new physical inventory, disagrees, within 30 days thereafter, as to the combined net worth of the Crucible Materials Group set forth in the Closing Balance Sheet, it shall furnish to Colt, AA,

New Crucible and the ESOP a written specification of the items and amounts constituting such disagreement. Such differences, if not resolved within 30 days thereafter, shall be referred to the Syracuse, New York, office of Price Waterhouse & Co. ("PW"). The decision of PW shall be final and binding on all parties, with the force and effect of an arbitral award; and PW in such decision shall have all the privileges and immunities of a neutral arbitrator. The fees of AA shall be paid by New Crucible, to the extent provided for in the Closing Balance Sheet, and the balance, if any, shall be paid by Colt; the fees of PMM shall be paid by New Crucible; and the fees of PW shall be paid pursuant to Section 16. Except as provided above and in Section 16, such accounting and auditing fees shall not be taken into account in determining the combined net worth of the Crucible Materials Group as of the Closing Date. The Closing Balance Sheet as reviewed and reported on by AA, after taking into account the final resolution by the parties or by PW of any differences between AA and PMM with respect thereto, shall be conclusive with respect to the aggregate amount, if any, to be paid by the Purchasers or Operating pursuant to Section 3(c).

(c) It is understood and agreed that the respective amounts to be paid by Holding and the ESOP on the Closing Date are based on the assumption of the parties that

the combined net worth on a financial statement basis (plus the LIFO reserve) of the Crucible Materials Group would be at least \$147,918,000 as of the Closing Date, reflecting inventories valued on a FIFO basis. The aggregate amount paid by Holding and the ESOP pursuant to Section 1 shall be decreased by the amount by which the combined net worth of the Crucible Materials Group as of the Closing Date, as determined under Paragraph 3(b) above, plus the LIFO reserve is less than, \$147,918,000. Any decrease in aggregate amount to be paid by the Purchasers shall be payable by Operating to New Crucible within 10 days of receipt of the Closing Balance Sheet or resolution of dispute, as referred to above, and with interest from the Closing Date to the date of payment at the interest rate per annum announced from time to time by Mellon Bank, N.A., as its prime rate.

4. Access to Records and Facilities of the Companies. Prior to the Closing Date, Colt will cause each of the Companies to afford authorized representatives of the Purchasers and New Crucible's prospective lenders access, during normal business hours and upon notice, to the records, facilities and management of the Companies for the purposes of evaluating the businesses of the Companies and of ascertaining the accuracy of the representations and warranties of Colt, Operating and Garlock contained in this Agreement. All information obtained through such

investigation shall be held in confidence by the Purchasers and such prospective lenders and, if the Closing does not take place hereunder, (i) neither Purchaser nor any such authorized representative or prospective lender shall use or disclose to any person any such information (except to the extent that such information can be shown to be in the public domain, or acquired by a Purchaser or such authorized representative or prospective lender from other sources which are not subject to an obligation of confidentiality to Colt or any of its subsidiaries or the Companies with respect to such information and whose acquisition of such information did not involve the breach of any legal or other obligation) and (ii) the Purchasers and each such authorized representative and prospective lender shall return to the Companies all documents and copies of documents obtained by them in connection with such evaluation. Except as provided in Section 13(C), no such investigation shall prejudice the enforcement of representations and warranties hereunder.

5. Representations and Warranties of Colt, Operating and Garlock. Operating represents and warrants to the Purchasers as to Crucible, Garlock represents and warrants to the Purchasers as to Crusteel, and Colt represents and warrants to the Purchasers as to each and both of the Companies, as follows:

(a) Each of the Companies is a corporation duly organized and legally existing in good standing under the laws of the jurisdiction of its incorporation, with full power and authority to execute, deliver and perform such of the Exchange Agreement as it is intended hereby to be a party thereto, to conduct its business as now being conducted and to own its property, and is legally qualified to transact business as a foreign corporation and is in good standing in all jurisdictions in which it owns or leases material tangible property. Neither Company has any subsidiaries or any equity investment or any contractual obligation to make an equity investment in any other corporation, partnership or other business entity.

(b) The authorized stock, par value per share, number of issued and outstanding shares and treasury shares, jurisdiction of incorporation and the jurisdictions in which each Company is qualified to transact its business are as stated on Schedule A (Schedule A and the other Schedules referred to in this Agreement are included in the disclosure letter delivered by Colt to each Purchaser prior to the date of execution hereof (the "Disclosure Letter")). There are no outstanding rights of any kind to acquire from any of the Companies any shares of their stock of any class or securities of any kind, except pursuant to this Agreement and the

Exchange Agreement. Neither Company has any obligation to acquire from its shareholders any of its shares of capital stock, except as contemplated by the Exchange Agreement. The record books and stock ledgers of each of the Companies contain an accurate and complete record of all issuances, transfers and cancellations of shares of capital stock of such Company.

(c) Operating will on the Closing Date own of record and beneficially all of the outstanding shares of Crucible, free and clear of all liens, encumbrances and equities of any kind. Garlock will on the Closing Date own of record and beneficially all of the outstanding shares of Crusteel, free and clear of all liens, encumbrances and equities of any kind. All of the outstanding shares of the Companies are validly authorized and issued and are fully paid and nonassessable.

(d) The audited combined balance sheet of the Crucible Materials Group dated as of December 31, 1984, together with the related Notes thereto included in the Crucible Materials Group Combined Financial Statements as of December 31, 1984 and 1983 (the "Combined Financial Statements"), copies of which have been delivered to the Purchasers, was prepared, and the final Closing Balance Sheet will be prepared, in each case in accordance with generally accepted accounting principles consistently applied, and

each fairly presents or will present the combined financial position of the Crucible Materials Group as of its date. As used in this Agreement, the "Crucible Materials Group" is the combined group resulting from the application of the Principles of Combination described in Note 1 to the Combined Financial Statements.

(e) Each of the Companies has timely filed all Federal, state, local or other tax returns which are required to be filed (except for those which are open on extension), has paid (or provided reserves for) all taxes which have become due pursuant to such returns (or which will become due on the filing of returns open on extension) or pursuant to any assessment received, and has granted no extension of the statute of limitations for Federal or other income taxes. The Federal income tax liability of Crucible has not been reviewed or determined by the Internal Revenue Service for any year since its formation. The United Kingdom income tax liability of Crusteel has been reviewed or determined by the Inland Revenue Service through the years ended December 31, 1983. Colt has no knowledge of any tax deficiency proposed or threatened against any of the Companies for which it has not provided a reserve.

(f) Each of the Companies has title to all of its personal property reflected in the December 31, 1984, audited combined balance sheet, or acquired since such date, and to the intangible personal property purported to be owned by it, in each case free and clear of liens and encumbrances, except (i) those relating to liabilities shown

on such balance sheet and the notes thereto; (ii) as set forth on Schedule B; (iii) liens for taxes and assessments, governmental charges or levies not yet due and payable but only to the extent the liabilities related to such liens need not have been recorded pursuant to Section 3(a) hereof; (iv) materialmen's, mechanics', carriers', warehousemen's, landlords', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business, which in each case are not yet delinquent but only to the extent the liabilities related to such liens need not have been recorded pursuant to Section 3(a) hereof; (v) liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance, social security and other like laws, or to secure the performance of construction contracts, leases, statutory obligations, surety, appeal or performance bonds; (vi) other liens and encumbrances of the character normally excepted in an ALTA Owner's Policy Form B 1970; and (vii) such properties and assets as may have been disposed of since such date in the ordinary course of business. Since December 31, 1984 (and except as set forth in Section 5(h)), the Companies have not transferred any personal property to Colt or any other of its affiliates, except in connection with the Terminated Operations (as defined in Section 5(m)) and except for transactions in accordance with the normal treasury office cash collection system.

(g) Schedule B lists all real property (the "Real Property") purported to be owned by the Companies or held under lease by the Companies pursuant to arrangements relating to the IDBs (the "IDB Leased Property"). Since December 31, 1984, the Companies have not transferred any real property to Colt or any other of its affiliates, except in connection with the Terminated Operations.

(h) Since December 31, 1984, and except as contemplated by this Agreement and the Exchange Agreement, neither Company has (i) authorized, issued or transferred from its treasury any additional stock or securities; (ii) declared or paid any dividend or made any other disposition of assets to any of its shareholders, except (x) that Crucible shall distribute to Operating all of its interest in the Fullerton, California facility (or the sales proceeds thereof), together with or subject to any associated assets or liabilities not reflected on the December 31, 1984, audited combined balance sheet of the Companies and (y) that the Companies have paid or may pay as of the Closing Date dividends of current assets in an aggregate amount not to exceed \$10,000,000 if the Closing Date shall occur on or before December 23, 1985 or, the Adjusted Dividend Amount, if the Closing shall occur any date thereafter or (iii) purchased any of its shares of stock or other securities. The "Adjusted Dividend Amount" means the greater of (i) the

amount by which the combined net worth of the Crucible Materials Group plus the LIFO reserve as of the Closing Date exceeds \$147,918,000 and (ii) \$10,000,000.

(i) Colt has heretofore delivered to both Purchasers a list of all policies of insurance in force (including Colt-wide policies), and all programs or plans for self-insurance, with respect to the material assets and properties of the Companies, none of which insurance or self-insurance will continue in force with respect to the Companies after the Closing.

If list included current policies arguably wrong for 2 years has kept

(j) Schedule C hereto lists each loan or credit agreement or capitalized lease obligation to which any of the Companies is a party or by which it is bound. None of Colt, Operating or Garlock (or, to the best of the knowledge of Colt, Operating and Garlock, the Companies) has received notice of any default in any obligation to be performed by either Company under any agreement or commitment listed on Schedule C. Except as set forth in Schedule C, no Company has expressly guaranteed any obligation of Colt or any of its subsidiaries.

but can change or expand to cover all that were in force as compared to those listed - would say that right

to policies passed to CMC, etc.

(k) Except as set forth on Schedule D and as provided in Section 5(1), there is no material action, suit or litigation or claim pending or, to the best of the knowledge of Colt, Operating and Garlock, threatened, or to the best of such knowledge any material investigation pending or

but was not by CMC

threatened, in any case against either Company or any of their property or operations, or their employee benefit plans, or Operating or Garlock with respect to its shares of Crucible or Crusteel, or brought by either Company against a third party or parties (other than in respect of workmen's compensation claims). As to each item set forth thereon, Schedule D describes, to the extent known to Colt, Operating and Garlock, the nature of the item, the amount of damages or other remedy sought, the extent of available insurance, and the firm or individual handling the matter on behalf of the Companies or the insurance carrier. Schedule D also lists each outstanding order, decree or stipulation issued by any local, state or Federal judicial authority in any proceeding in which either Company was or is a party.

(1) Except as set forth in Schedule E, there are no pending or, to the best of the knowledge of Colt, Operating and Garlock, threatened, suits, actions or proceedings for breach of product warranty to customers which have been or may be made against any of the Companies, except routine claims handled in the ordinary course of business. Schedule E sets forth all material product liability claims for injury or damage to persons or property which are pending or, to the best of the knowledge of Colt, Operating and Garlock, threatened, against the Companies with respect to products sold by the Companies.

(m) Set forth in Schedule F is a list of all plants, facilities or operations that either of the Companies has sold, abandoned or otherwise ceased to operate since September 12, 1983, and prior to the date of this Agreement (collectively, the "Terminated Operations"), certain of which Colt, Operating and Garlock are still in the process of disposing. Crucible's predecessors have sold, abandoned or otherwise ceased to operate the following divisions and works, including their manufacturing facilities, warehouses and offices: the Midland Stainless and Alloy Division, the Spring Division, the Park Works, the Spaulding Works, the Harrison Works and the Crucible Mines (collectively, the "Terminated Works"). No liabilities or assets of the Terminated Works have been transferred to or assumed by Crucible.

(n) Each of Colt, Operating and Garlock has full power and corporate authority to execute, deliver and perform this Agreement, the Exchange Agreement, the Assignment and the Tax Procedures Agreement referred to in Section 9(e) (collectively, the "Colt/Purchasers Documents") as it is intended hereby to be a party thereto. Each of the Colt/Purchasers Documents has been duly authorized and approved by all necessary corporate action on the part of Colt, Operating and Garlock (to the extent each is intended hereby to be a party thereto), and is a valid and binding obligation of each of Colt, Operating and Garlock (to such extent) enforceable in accordance with its terms.

(o) The consummation of the transactions contemplated by the Colt/Purchasers Documents will not violate any provision of the certificate of incorporation or by-laws of any of Colt, Operating or Garlock (or, to the best knowledge of Colt, Operating and Garlock, either of the Companies) or result in any breach of or default under, or require a consent under, any decree, mortgage, agreement, indenture or other instrument binding upon any of Colt, Operating or Garlock (or, to the best knowledge of Colt, Operating and Garlock, either of the Companies).

(p) Operating is acquiring shares of Crucible Series A Preferred Stock, pursuant to the Recapitalization for its own account and not with a view to, or for resale in connection with, any distribution or public offering within the meaning of the Securities Act of 1933.

(q) To the best of the knowledge of Colt, Operating and Garlock, except as disclosed in Schedule K, the Companies have not received any written notification from any governmental authority in respect of a currently existing violation of any law, ordinance, rule or regulation relating to matters of environmental protection. Except as set forth in the Disclosure Letter, to the best of the actual knowledge of Colt, Operating and Garlock, (i) the Companies are not in any violation of laws pertaining to environmental protection, and (ii) Crucible has not disposed

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or arranged for the disposal of wastes which would result in the imposition of liability under The Comprehensive Environmental Response, Compensation and Liability Act of 1980, in either case which would have a material adverse effect on the business of the Companies.

Except as set forth in this Section 5, in Sections 6 and 16(a) and in the various documents, forms of which are attached as Exhibits hereto, neither Colt, Operating nor Garlock makes any representation, express or implied, with respect to the transactions contemplated hereby.

6. Employee Benefit Plans. Operating represents and warrants to the Purchasers as to Crucible, Garlock represents and warrants to the Purchasers as to Crusteel, and Colt represents and warrants to the Purchasers as to the Companies, as follows: (a) Schedule G is a list of all employee profit sharing, pension, retirement, stock option, stock purchase, deferred compensation, bonus, benefits equalization, insurance and other fringe benefit plans, covering employees of the Companies (including two multi-employer plans as to which Colt makes no representation or warranty), except plans which have been terminated by Crucible in connection with the closing of facilities as set forth in Schedule F (collectively the "Terminated Plans"). With respect to each of the plans (the "plans") excluding

the two multiemployer plans listed thereon, Schedule G further sets forth the names and addresses of the plans, the trustees and insurance carriers (insofar as applicable to each plan), and the basis of the employer contributions. Following the execution and delivery hereof and not later than the Closing Date, plans maintained by Colt for the employees of Crucible (other than insurance plans) will be transferred to Crucible. True copies of each of the plans and related trusts have been furnished to both Purchasers. There have also been furnished to both Purchasers with respect to each of the plans, insofar as applicable to the Companies, true copies of the most recent actuarial report prepared with respect to any of such plans which is funded using actuarial principles, the most recent Internal Revenue Service determination letter (as well as any pending application for a further determination), the most recent summary plan description and the most recent annual report. Except as set forth on Schedule G, the employees of the Companies are not covered by any multiemployer plan as defined in Section 414(f) of the Internal Revenue Code (the "Code") or Section 3(37) of the Employee Retirement Income Security Act of 1974 ("ERISA").

(b) The provisions and operations of each of the plans maintained by Crucible are not in violation in any material respect of any provision of ERISA or any other

statute, rule, regulation, agreement or instrument by which they are governed. All applicable ERISA requirements as to the filing of reports, documents and notices regarding such plans with the Department of Labor, the Internal Revenue Service and the Pension Benefit Guaranty Corporation and the furnishing of such documents to participants and beneficiaries due before the Closing Date have been or will be complied with in all material respects. Crucible is not currently delinquent as to any contribution which it is obligated to make to any multiemployer plan. Crucible has not incurred any "withdrawal liability" (as defined in Section 4201 of ERISA) with respect to any multiemployer plan to which it is obligated to contribute, to which it is contributing or to which it has actually contributed. Crucible has not been advised that it is liable for any funding taxes under Code Sections 413(b)(6) and 4971 on account of an accumulated funding deficiency of any multiemployer plan to which it is obligated to contribute, to which it is contributing or to which it has actually contributed.

(c) There are no pending or, to the best of the knowledge of Colt, Operating and Garlock, threatened, claims or lawsuits (other than claims or lawsuits for benefits under such plans made in the normal course and claims or lawsuits set forth in Schedule D) which have been asserted or instituted against such plans, any fiduciaries thereof respecting their duties to the plans or the assets of any of the trusts under any of the plans.

(d) With respect to each of the pension, savings or profit-sharing plans maintained by Crucible listed in Schedule G:

(i) except as hereinafter set forth, a determination letter has been received or has been requested to the effect that the plan, as most recently amended, is qualified under Section 401 of the Code and the related trust is exempt from Federal income tax under Section 501 of the Code, and, to the best of the knowledge of Colt and Operating, nothing has occurred to cause the loss of such qualification or exemption or to cause such letter not to issue. The Plans are in the process of being amended to comply with the requirements of the Tax Equity and Fiscal Responsibility Act of 1982, the Deficit Reduction Act of 1984 and the Retirement Equity Act of 1984, effective as required thereunder. If such amendments are not completed or determination letters from the Internal Revenue Service are not received with respect thereto prior to the Closing Date, Colt, on behalf of New Crucible, thereafter will complete the preparation of such amendments, the applications for determinations, and the filing and processing of such applications with the Internal Revenue Service. Before and after the Closing Date, Holding, Crucible and New Crucible shall cooperate with Colt and shall take all necessary related actions, including without limitation the adoption of such amendments and such changes as may be necessary to obtain the approval of the Internal

Revenue Service. After the Closing Date, New Crucible will pay any third party fees and expenses in connection therewith;

(ii) all contributions required by the Internal Revenue Code to be made under the plan for plan years ending on or before the Closing Date will have been made;

(iii) the plan has no material liabilities except the present value of the accrued benefits under the plan;

(iv) neither the plan nor any trust created thereunder, nor any trustee or administrator or fiduciary thereof, has prior to the date hereof engaged in a "prohibited transaction", as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could subject any of the Companies to the tax on prohibited transactions imposed by said Section 4975 or the sanctions imposed under Title I of ERISA;

(v) within the 12 months preceding the date hereof, neither the plan nor any such trust has been terminated, nor have there been any "reportable events" (as that term is defined in Section 4043 of ERISA) which are required to be reported to the Pension Benefit Guaranty Corporation; and

(vi) neither the plan nor any such trust has incurred any "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412(a) of the Code (whether or not waived), nor

are any of the Companies subject to any tax imposed by Section 4971 of the Code.

(e) With respect to the pension plan maintained by Crusteel listed in Schedule G:

(i) all contributions legally required to be made under the plan for plan years ending on or before the Closing Date will have been made;

(ii) the plan has no material liabilities except the present value of the accrued benefits under the plan; and

(iii) the provisions and operation of the plan are not in violation in any material respect of any statute, rule, regulation, agreement or instrument by which it is governed.

(f) Effective June 1, 1984, the Crucible Materials Corporation Retirement Plan for Salaried Employees and the Crucible Materials Corporation Salaried Retirement Plan (the "Crucible Salaried Plans") and two Colt Industries Operating Corp pension plans were merged into the Retirement Plan for Salaried Employees of Colt Industries Inc. Following the execution and delivery hereof and not later than the Closing Date, the Crucible Salaried Plans will be spun off from the merged plan, and as of the spin-off date, the aggregate market value of the assets in the Crucible Salaried Plans (including book accruals) will equal or exceed the present value as of the spin-off date of the accrued benefits (vested and nonvested) as of such date for

participants (including retirees and deferred vesteds) and beneficiaries. The Colt employees identified on Schedule I who are scheduled to become New Crucible employees in connection with the transaction contemplated hereby will be included as if they were participants as of the spin-off date, and the present participants in the Crucible Salaried Plans identified on Schedule J who are scheduled to be employees of Colt or a subsidiary following the Closing will be excluded as if they were not participants as of the spin-off date.

George E. Buck Consulting Actuaries Inc. will determine the expected future benefit stream, as of the spin-off date, of the benefits accrued as of such date and allocable to the Crucible Salaried Plans from the most recent available data, subject to the approval of The Wyatt Company. The underlying assumptions for determining the expected future benefit stream will be the Pension Benefit Guaranty Corporation's Mortality Tables for Healthy Lives and Disabled Lives (as applicable and in effect as of the spin-off date) and the January 1, 1985, actuarial valuation rates of separation from active service. Assets consisting of a dedicated bond portfolio providing the same stream of payments will then be transferred from the merged plan trust to a trust established by Crucible for the Crucible Salaried Plans. The interest assumption for determining the present

value of accrued benefits will be consistent with the procedure for determining the interest assumptions used in the January 1, 1985, actuarial valuation prepared by George B. Buck Consulting Actuaries Inc. whereby all benefits covered by such dedicated bond portfolio will be valued with an interest rate equivalent to the implicit annual rate of return of the portfolio.

(g) As of the Closing Date, the aggregate value of the net assets available for benefits in all the pension plans maintained by Crucible will equal or exceed the actuarially computed present value of the vested benefits as of the Closing Date for participants (including retirees and deferred vesteds) and beneficiaries in such plans. The above calculation shall be determined on a basis consistent with that set forth in footnote 10 to the Crucible Materials Group Combined Financial Statements as of December 31, 1984, shall be reported on by Arthur Andersen & Co. and shall be based on actuarial assumptions and procedures including interest rates consistent with the January 1, 1984, actuarial valuations prepared by George B. Buck Consulting Actuaries Inc.

(h) Nothing contained in this Section 6 shall be construed as a representation or warranty by Colt, Operating or Garlock as to compliance of the transactions contemplated hereby with ERISA or any other law (whether statutory or common), rule or regulation.

7. Agreements of Colt, Operating and Garlock
Prior to the Closing. Colt, Operating and Garlock covenant and agree with the Purchasers, with respect to the period from the date hereof until the Closing Date, as follows:

(a) They will cause each of the Companies to maintain its existing insurance upon all of its material properties and with respect to the conduct of its business in such amounts and of such kinds comparable to that in effect on the date of this Agreement.

(b) They will make net advances to Crucible and Crusteel for the working capital necessary for them to conduct their operations in the manner in which they have been conducted prior to the date hereof, with allowance for normal seasonal variations and growth in the business of the Companies and except as contemplated by Section 5(h).

(c) They will assign or otherwise make available to Crucible all of their rights (including trust deposits) under the capital lease obligations described in Note 8 of the Combined Financial Statements.

(d) They will not permit any of the actions set forth in Section 5(h) of this Agreement to be taken without the prior consent of both Purchasers, except as contemplated by such Section 5(h) and by the Exchange Agreement and except that Colt shall cause Crucible to assume as primary obligor all of the obligations of Colt with respect to the

industrial development bonds listed in Schedule H (the "IDBs") and Colt shall cause the trustees under the IDBs to transfer all remaining funds deposited in the construction funds pertaining to the IDBs to the funds maintained for the payment of the IDBs.

(e) They will use their best efforts to obtain all necessary consents on their part required in connection with the consummation of the transactions contemplated by this Agreement.

(f) Except as otherwise provided in this Agreement, Colt, Operating and Garlock will not interfere with the conduct of business in the ordinary course by the Companies.

8. Representations and Warranties of the Purchasers. (a) Holding represents and warrants to Colt, Operating and Garlock as follows:

(i) it is a corporation duly organized and legally existing in good standing under the laws of the state of Delaware, with full power and corporate authority to execute, deliver and perform such of this Agreement, the Loan Agreement, the Mellon Term Loan Agreement, the Revolver Security Agreements, the Term Loan Security Agreements, the Chase Loan Agreement, the Chase Pledge Agreement, the Plan of Merger, the Assignment and the Tax Procedures Agreement as it is intended hereby to be

a party thereto, to conduct its business as now being conducted and to own its property;

(ii) it is legally qualified to transact business as a foreign corporation and is in good standing in all jurisdictions in which it owns or leases material tangible property;

(iii) this Agreement, the Loan Agreement, the Mellon Term Loan Agreement, the Chase Loan Agreement, the Plan of Merger, the Assignment and the Tax Procedures Agreement have been (or at the Closing Date will be) duly authorized and approved by all necessary corporate action on the part of Crucible and Holding (to the extent each is intended hereby to be a party thereto), and each is (or will be upon execution and delivery in accordance with the terms hereof) a valid and binding obligation of Crucible, Holding and New Crucible (to the extent each is intended hereby to be a party thereto), enforceable in accordance with its terms; this Agreement, the ESOP Note, the ESOP Pledge and the Assignment have been duly authorized and approved by all necessary action on the part of the ESOP and each is (or will be upon execution and delivery in accordance with the terms hereof) a valid and binding obligation of the ESOP, enforceable in accordance with its terms.

(iv) the Revolver Security Agreements, the Term Loan Security Agreements, the Chase Pledge Agreement and the Pledge Assignment have been duly authorized and approved by all necessary corporate action on the part of Crucible and, when executed and delivered in accordance with the terms hereof, will be valid and binding obligations of Crucible and New Crucible, enforceable in accordance with their respective terms, which will grant as set forth therein valid and effective liens on the assets of New Crucible referred to therein, subordinate only to the extent expressly provided therein; the Chase Pledge Agreement and the Pledge Assignment have been duly authorized and approved by all necessary corporate action on the part of Crucible and, when executed and delivered in accordance with the terms hereof, will be a valid and binding obligation of Crucible, New Crucible and the ESOP, enforceable in accordance with their respective terms, which will grant as set forth therein valid, effective, first and prior liens on the assets of New Crucible and the ESOP referred to therein (including, respectively, the ESOP Note and the Crucible Common Stock to be issued to the ESOP pursuant to Section 1 hereof).

(v) the consummation of the transactions contemplated by this Agreement, the Loan Agreement, the

Mellon Term Loan Agreement, the Chase Loan Agreement, the Revolver Security Agreements, the Term Loan Security Agreements, the Chase Pledge Agreement, the Plan of Merger, the Assignment and the Tax Procedures Agreement will not violate any provision of the certificate of incorporation or bylaws of Holding, or result in any breach or default, or require any consent, under any decree, mortgage, agreement, indenture or other instrument binding upon Holding or cause Crucible or New Crucible to be in default under the Loan Agreement, the Mellon Term Loan Agreement or the Chase Loan Agreement; the consummation of the transactions contemplated by this Agreement, the ESOP Note, the ESOP Pledge and the Assignment will not violate any provision of the governing instruments of the ESOP or result in any breach or default, or require any consent, under any decree, mortgage, agreement, indenture or other instrument binding upon the ESOP.

(vi) it is acquiring the shares of capital stock of Crucible and Crusteel to be purchased by it hereunder for its own account and not with a view to, or for resale in connection with, any distribution or public offering within the meaning of the Securities Act of 1933;

(vii) the authorized capitalization of Holding as of the date hereof consists of 500,000 shares of Holding Common Stock, 100,000 shares of Holding Series B Preferred Stock, 63,000 shares of Holding Series C Preferred Stock and 10,000 shares of Holding Series D Preferred Stock; the shares of Crucible Series A Preferred Stock and the shares, if any, of Crucible Series B Preferred Stock and Crucible Common Stock to be acquired by Operating hereunder will, following the effectiveness of the Plan of Merger, be validly authorized and issued, fully paid and nonassessable; the shares of Holding Common Stock and Holding Series B Preferred Stock to be issued to the Crucible Fund (and the shares of Crucible Common Stock and Crucible Series B Preferred Stock to be exchanged therefor pursuant to the Plan of Merger) will, when issued in accordance with the provisions hereof, be validly authorized and issued, fully paid and nonassessable; the shares of Holding Series C Preferred Stock to be acquired by Technology Metals, Inc., a Delaware corporation ("Technology Metals") (and the shares of Crucible Series C Preferred Stock to be exchanged therefor pursuant to the Plan of Merger) will when issued in accordance with the provisions hereof be validly authorized and issued, fully paid and non-assessable;

(viii) the offers, sales and deliveries of shares of the capital stock of Holding to Technology Metals (and the exchange of such shares for shares of Crucible Series C Preferred Stock pursuant to the Plan of Merger), under the circumstances contemplated by this Agreement do not require (x) registration under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder or (y) registration or qualification or other authorization under state securities or blue sky laws, except such registration or qualification, or other authorization in respect of the offer, sale and delivery of such shares of stock, as has been or will be obtained and in effect as of the Closing Date;

(ix) the ESOP is duly organized as an "employee stock ownership plan" within the meaning of Section 407(d)(6) of ERISA and Section 4975(e)(7) of the Code and The Citizens and Southern National Bank has been duly appointed as trustee thereunder;

(x) the Holding Common Stock and Holding Series B Preferred Stock to be acquired by the Crucible Fund, the Crucible Common Stock and Crucible Series B Preferred Stock to be exchanged therefor pursuant to the Plan of Merger and the Crucible Common Stock to be acquired by the ESOP hereunder are in each case

"qualifying employer securities" within the meaning of Section 406 of ERISA or "employer securities" within the meaning of Section 409(l) of the Code, as the case may be, with respect to Holding, Crucible and New Crucible, each to the extent applicable;

(xi) the issuance of the ESOP Note as contemplated hereby, and the loan represented by such ESOP Note, constitutes an "exempt loan" according to Treas. Reg. § 54.4975-7(b); and

(xii) it has had the opportunity to make whatever investigation of the business affairs, assets, liabilities and operations of the Companies it has deemed necessary or desirable, it being understood that (except as provided in Section 13(C)) no such investigation shall prejudice the enforcement of representations and warranties hereunder.

(b) The ESOP represents and warrants to Colt and Operating that it is acquiring the 3,000,000 shares of Crucible Common Stock to be purchased by it hereunder for its own account and not with a view to, or for resale in connection with, any distribution or public offering within the meaning of the Securities Act of 1933.

(c) Except as set forth in this Section 8 and in the various documents forms of which are attached as Exhibits hereto, neither Purchaser makes any representation,

express or implied, with respect to the transactions contemplated hereby. Nothing contained in Sections 8(a) (ix) through (xi)) shall be construed as a representation and warranty by either Purchaser as to compliance of the transactions contemplated hereby with ERISA or any other law (whether statutory or common), rule or regulation.

9. Conditions to the Obligations of Operating and Garlock. The respective obligations in accordance with this Agreement of Operating to sell shares of capital stock of Crucible and of Garlock and to sell all of the outstanding shares of capital stock of Crusteel to Holding on the Closing Date, and of Operating to sell 3,000,000 shares of Crucible Common Stock to the ESOP on the Closing Date, shall be, at Operating and Garlock's option, subject to the satisfaction at or prior to the Closing Date of each of the following conditions:

(a) The representations and warranties of Holding and the ESOP contained in this Agreement shall have been true and correct at and as of the date of this Agreement, and shall be true and correct at and as of the Closing Date with the same force and effect as though made at and as of that date, except for changes contemplated or permitted by this Agreement.

(b) Holding and the ESOP shall each have performed and complied with all of its obligations required by

this Agreement to be performed or complied with at or prior to the Closing Date.

(c) Each of Holding and the ESOP shall have delivered to Operating and Garlock a certificate, dated as of the Closing Date, as to its fulfillment of the conditions set forth in subsections (a) and (b) above.

(d) The Loan Agreement, the Mellon Term Loan Agreement, the Revolver Security Agreements and the Term Loan Security Agreements shall have been executed and delivered and the Lenders shall have made a line of credit of \$75,000,000 available to New Crucible under the Loan Agreement and Mellon Bank, N.A. shall have loaned \$16,000,000 to New Crucible under the Mellon Term Loan Agreement. The respective intended parties shall have entered into the Exchange Agreement, the Chase Loan Agreement, the ESOP Note, the ESOP Pledge, the Chase Pledge Agreement, the Pledge Assignment, the Inter-Creditor Agreement and the Plan of Merger and Chase shall have loaned \$30,000,000 to New Crucible under the Chase Loan Agreement.

(e) Holding and the Companies shall have executed and delivered an agreement with respect to income tax procedures, in the form of Exhibit E hereto (the "Tax Procedures Agreement").

(f) Crucible, Holding and the ESOP shall have executed and delivered the Assignment.

(g) Colt, Operating and Garlock shall have received a favorable opinion, dated the Closing Date, from Kirkpatrick & Lockhart, counsel for Holding, substantially in the form attached hereto as Exhibit F.

(h) Colt and Operating shall have received a favorable opinion, dated the Closing Date, from Powell, Goldstein, Frazer & Murphy, counsel for The Citizens and Southern National Bank, trustee for the ESOP, substantially in the form attached hereto as Exhibit G.

(i) Colt, Operating and Garlock shall have received a copy of an opinion of HLHZ dated the Closing Date, as to the fair market value of the Holding Series B Preferred Stock and the Holding Common Stock and the stock of New Crucible to be exchanged therefor.

(j) Technology Metals shall have invested \$6,300,000 in Holding Series C Preferred Stock.

(k) The Colt Common Stock Amount shall be no less than \$15,000,000.

(l) The ESOP Note shall have been duly executed and delivered by the ESOP and duly pledged by New Crucible to Chase pursuant to the Chase Pledge Agreement.

(m) There shall not be any pending or threatened actions, suits, claims, investigations, litigation or court orders which challenge, or purport to change the terms of, the transactions contemplated hereby.

(n) New Crucible shall have made a contribution of \$3.8 million to the ESOP, and a corresponding amount of Crucible Common Stock shall have been allocated to the accounts of the participants in the ESOP.

10. [Reserved.]

11. Conditions to the Obligations of Holding and the ESOP. The respective obligations, in accordance with this Agreement, of Holding to purchase shares of capital stock of Crucible and all of the outstanding shares of capital stock of Crusteel from Operating and Garlock, respectively, on the Closing Date, and of the ESOP to purchase 3,000,000 shares of Crucible Common Stock from Operating on the Closing Date, shall be, at the option of Holding and the ESOP, subject to the satisfaction at or prior to the Closing Date of each of the following conditions:

(a) The representations and warranties of Colt, Operating and Garlock contained in this Agreement shall have been true and correct at and as of the date of this Agreement and shall be true and correct at and as of the Closing Date with the same force and effect as though made at and as of that date, except for changes contemplated or permitted by this Agreement.

(b) Colt, Operating and Garlock shall have performed and complied with all their obligations required by

this Agreement to be performed or complied with at or prior to the Closing Date.

(c) Colt, Operating and Garlock shall have delivered to Holding a certificate, dated as of the Closing Date, as to the fulfillment of the conditions set forth in the two preceding subsections.

(d) Operating shall have entered into the Exchange Agreement, Colt shall have entered into the Colt/Mellon Guarantee and the Colt/Chase Guarantee, and Colt, Operating, and Garlock shall have entered into the Assignment.

(e) Colt and Technology Metals shall have entered into a term loan agreement, providing for a loan by Colt to Technology Metals in the principal amount of \$6,000,000 and related agreements as to collateral satisfactory to the parties thereto.

(f) Colt, Operating and Technology Metals shall have entered into an option agreement pursuant to which Technology Metals shall be granted an option to purchase certain shares of Crucible Series A Preferred Stock and Crucible Common Stock held by Colt, Operating and their affiliates from time to time, on terms and conditions satisfactory to the parties thereto.

(g) Colt shall have entered into a deferred compensation agreement with Vincent H. Callahan in a form

satisfactory to the parties thereto and Colt shall have entered into similar agreements with each of the shareholders of Technology Metals as of the Closing Date.

(h) The Standby Credit agreement shall have been executed and delivered by Colt.

(i) Chase shall have entered into the Chase Loan Agreement and the Chase Pledge Agreement and shall have loaned \$30,000,000 to New Crucible thereunder; Mellon Bank, N.A., shall have entered into the Mellon Term Loan Agreement and shall have loaned \$16,000,000 to New Crucible thereunder.

(j) Holding and the ESOP shall have received a favorable opinion, dated the Closing Date, from Cravath, Swaine & Moore, counsel for Colt, Operating and Garlock, in form and substance satisfactory to Holding, the ESOP and their respective counsel, to the effect that:

(i) each of the Companies is a corporation duly organized and legally existing in good standing under the laws of the jurisdiction of its incorporation, with full power and authority to conduct its business as now being conducted and to own its property;

(ii) the par value and number of shares of authorized stock and outstanding stock of Crucible are as contemplated by the Exchange Agreement and of Crusteel are as set forth on Schedule A. All issued

shares have been duly and validly authorized and issued, are fully paid and nonassessable and are owned of record by Operating (in the case of Crucible and by Garlock (in the case of Crusteel);

(iii) each of the Colt/Purchasers Documents has been duly authorized and approved by all necessary corporate action on the part of each of Colt, Operating and Garlock as is intended hereby to be a party thereto and is a valid and binding obligation of each of them, enforceable against each of them in accordance with its terms, subject, as to the enforceability of remedies, to applicable bankruptcy, insolvency, reorganization, moratorium or, other similar laws affecting creditors' rights generally in effect from time to time and general principles of equity;

(iv) the consummation of the transactions contemplated by the Colt/Purchasers Documents will not violate any provision of the certificate of incorporation or bylaws of the Companies or Colt, Operating or Garlock, or, to the best knowledge of such counsel, result in any breach of or default under, or require a consent under, any decree, mortgage, agreement, indenture or other instrument binding upon Colt, Operating or Garlock;

(v) delivery by Operating to Holding and the ESOP of stock certificates in the names of Holding and the ESOP, respectively, evidencing shares of capital stock of Crucible effectively conveys whatever right, title and interest Operating had in and to such shares as of the delivery of such stock certificates; and

(vi) except as set forth in such opinion, such counsel has no actual knowledge after due inquiry of any actions, suits, claims, investigations or litigation which challenge the transactions contemplated hereby.

Such opinion shall address such other matters as the Purchasers shall reasonably request.

(k) Holding shall have received an opinion, dated the Closing Date, from English counsel for Colt, Operating and Garlock in form and substance satisfactory to Holding and its counsel that delivery by Garlock of stock certificates in the name of Holding, evidencing shares of capital stock of Crusteel effectively conveys whatever right, title and interest Garlock had in and to such shares as of the delivery of such stock certificates.

(l) The Lenders shall have executed and delivered the Loan Agreement and shall have made a line of credit of \$75,000,000 available to New Crucible thereunder.

(m) There shall not be any pending or threatened actions, suits, claims, investigations, litigation or court orders which challenge, or purport to change the terms of, the transactions contemplated hereby.

(n) Holding shall have obtained such insurance with respect to New Crucible as it shall reasonably deem appropriate.

(o) The trustee for the ESOP shall have determined on the Closing Date that the purchase by the ESOP of 3,000,000 shares of Crucible Common Stock as contemplated hereby is in the interest of the participants in the ESOP and their beneficiaries.

(p) The trustee for the Crucible Fund shall have determined that the purchases by the Crucible Fund of the Crucible Series B Preferred Stock and Crucible Common Stock as contemplated hereby is in the interest of the participants in the Crucible Fund.

(q) The trustee for the ESOP and the Crucible Fund shall have received an opinion of HLHZ dated the Closing Date, as to the fair market value of the Holding Series B Preferred Stock and the Holding Common Stock and the stock of New Crucible to be exchanged therefor.

(r) New Crucible shall have loaned \$30,000,000 to the ESOP in exchange for the ESOP Note.

12. [Reserved.]

13. Indemnification of the Purchasers. Colt, Operating and Garlock jointly and severally agree, without admitting liability to any third party, that they will indemnify and hold the Purchasers and New Crucible harmless in respect of the following (except to the extent the following results in an adjustment pursuant to Section 3 hereof):

(a) any loss, cost, expense, deficiency, liability or damage (including reasonable related counsel fees and disbursements) resulting from:

(i) income or franchise tax matters, which shall be handled as provided in the Tax Procedures Agreement;

(ii) the litigation captioned General Electric Company v. Titanium Metals Corporation of America, et al., U.S. District Court for the Eastern District of New York, Civil Action No. 81-2298 (ERN), and any other litigation arising out of a substantially similar state of facts;

(iii) the Terminated Operations (including without limitation any liabilities or expenses incurred with respect to employee benefit plans relating to employees of the Terminated Operations), except with respect to product warranty matters relating to products or product lines formerly produced at the Fullerton facilities. For the purposes of this subsection (c),

Colt agrees, at its own expense, diligently to handle to completion all claims, litigation and other matters relating to or arising out of the Terminated Operations, except as limited above. New Crucible shall supply suitable personnel of the Companies to assist in such process, as reasonably requested for such purpose, subject to reimbursement by Colt for the salary, payroll expense and out-of-pocket expenses (including overhead) related to any such services;

(iv) the Terminated Works (including without limitation any liabilities or expenses incurred with respect to employee benefit plans relating to employees of the Terminated Works); and

(v) product liability claims or litigations (as opposed to product warranty matters) arising out of products manufactured and shipped by either Company prior to Closing, provided no action or omission to act by either Company or its agents shall have prejudiced any otherwise applicable Colt insurance coverage for such claim or litigation;

(vi) closure costs (and post-closure monitoring costs through the twentieth yearly anniversary of the Closing Date) for the Crucible Specialty Metals Division landfill located in Geddes, New York (excluding

any cost to New Crucible in connection with disposal of waste generated by it); and

(vii) the litigation captioned Friends of the Earth, Atlantic States Legal Foundation and C. G. Spies v. Crucible Materials Corporation, United States District Court for the Northern District of New York (Civil Action No. 84-CV-286), provided that such indemnity shall apply solely to alleged violations of the Federal Water Pollution Control Act by Crucible prior to the entry of a final judgment or the date on which Crucible shall have entered into a final settlement, in each case, with respect to such violations (the "Termination Date"). Notwithstanding anything contained herein to the contrary, neither Colt, Operating nor Garlock shall have any liability for indemnification under this clause (vii) for (x) any penalties, fines or other costs assessed, imposed or incurred in respect of such violations occurring after the Termination Date or (y) any costs incurred in connection with any corrective measures which may be undertaken by Crucible (including, but not limited to capital expenditures), whether or not such penalties,

finer or costs are part of a final judgment or settlement of such litigation.

(b) Ninety percent of the amount, if any, by which the aggregate of all other indemnifiable damages of the Companies and the Purchasers exceeds \$500,000 and is less than \$6,200,000. For the purposes of this paragraph, "indemnifiable damages" of the Companies shall mean any loss, cost, expense, deficiency, liability or damage (including reasonable related counsel fees and disbursements) resulting from (i) any breach of a representation made by Colt, Operating or Garlock in this Agreement, which representation survives the Closing pursuant to Section 15 hereof, except Section 5(e), as to which claims shall be governed by the Tax Procedures Agreement, the second sentence of Section 5(1), as to which claims shall be governed by Section 13(a)(v), and Section 5(q), as to which claims shall be governed by the following subsection (ii); and (ii) any third party liabilities and/or clean-up costs (but not other corrective measures, including, but not limited to, New Crucible capital expenditures) arising out of (x) the environmental matters identified on Schedule K (except for items (D)(1) and (D)(4), which are otherwise provided for in Sections 13(a)(vi) and (vii) hereof) or

(y) any breach of the representations made by Colt, Operating or Garlock in Section 5(q) hereof.

Each Purchaser agrees to give (and to cause New Crucible to give) Colt written notice within 30 days (or such shorter period, not less than seven days, as shall be appropriate so as not to prejudice the ability of Colt, Operating and Garlock to settle or defend the matter) of (i) any third-party claims, actions or proceedings of which it has knowledge and (ii) the discovery of any other fact upon which, in either case, it or New Crucible intends to base a claim for indemnification hereunder. The failure of either Purchaser or New Crucible to give notice with respect to the foregoing shall relieve Colt, Operating and Garlock of any liability to such Purchaser or New Crucible for indemnification with respect thereto, if their ability to settle or defend the matter has been prejudiced thereby. Colt shall have the right to defend and control, with counsel reasonably satisfactory to the respective Purchaser or New Crucible, as the case may be, and in consultation with counsel for such Purchaser or New Crucible, as the case may be, if requested by such Purchaser or New Crucible, as the case may be, any third-party claim, action or proceeding with respect to which indemnification for damages may be requested hereunder, to the extent that the remedy sought in such claim, action or proceeding is the payment of money

damages. [No settlement of any such claim, action or proceeding shall be made without the consent of Colt, Operating and Garlock unless Colt, Operating and Garlock shall have been given prior written notice of such claim, action or proceeding and shall have failed to assume the defense thereof within 30 days after receipt of such notice.]

The indemnification provided by this Section shall be subject to the following provisions:

(A) The Purchasers and New Crucible shall not have the right to offset any indemnifiable damages against payments otherwise owing under this Agreement, or against dividends otherwise payable with respect to any stock of Crucible held by Colt or any of its subsidiaries or affiliates.

(B) The payments by Colt, Operating and Garlock pursuant to the indemnification provided by this Section shall be limited so that the amount of any such payment shall be computed net of tax benefit, if any, but giving appropriate effect to the tax consequences of receipt of the indemnification and net of insurance proceeds, or any indemnity, contribution or other similar payment received by the respective Purchaser or the Companies from any third party in respect of any indemnified damages.

(C) It is understood that Vincent H. Callahan, John L. Vensel, John J. DuPlessis and Francis J. Petro are

officers of the Companies or of divisions or operations thereof who are expected to continue in their employment with the Companies and are familiar with their businesses. The indemnification provided by this Section 13 shall not apply to any inaccurate representation (whether by misrepresentation or omission) of which any of them is actually aware or has written notice.

14. Indemnification of Colt, Operating and Garlock. Holding agrees that it will indemnify and hold Colt, Operating and Garlock harmless in respect of any loss, cost, expense, deficiency, liability or damage (including reasonable related counsel fees and disbursements) resulting from (i) any inaccurate representation (whether by misrepresentation or omission) made by either Purchaser in this Agreement, or (ii) any breach of any of the warranties or default in performance of any of the covenants or agreements made by either Purchaser or which either Purchaser was to perform under this Agreement or under any of the various documents forms of which are attached as Exhibits hereto, or (iii) with respect to or resulting from Environmental matters (except as provided in Sections 13(a)(vi), 13(a)(vii) and 13(b)(ii)) or arising (except to the extent covered by the indemnities of Colt, Operating and Garlock hereunder) in any way out of the business and operations (other than the Terminated Operations and the Terminated

Works) conducted or to be conducted by Holding and the Companies, in each case whether or not arising from acts or omissions of the Companies or their predecessors prior to the Closing, whether or not based on facts existing prior to the Closing and whether or not inchoate or unknown as of the Closing, but only to the extent that the liability of Colt, Operating or Garlock is secondary, derivative or vicarious. As used herein, "Environmental" means relating to pollution of the environment, including air, water and soil, and the effects of hazardous or solid wastes.

15. Survival. None of the representations and warranties contained in Sections 5, 6 and 8 of this Agreement shall survive the Closing, except Section 5(e), as to which claims shall be governed by the Tax Procedures Agreement, and Sections 5(a), 5(b), 5(c), 5(d), 5(g), 5(h) (Section 5(h) as to Crusteel only), 5(j), 5(k), 5(l), 5(n), 5(o), 5(p), 5(q), 6 (entire Section) and 8 (entire Section), which representations and warranties shall survive the Closing and any investigation of the parties with respect thereto. Notwithstanding the foregoing, all such representations and warranties that survive the Closing (other than Section 5(e)) shall terminate and be of no further effect, except as to claims as to which written notice has previously been given in good faith, on the second yearly anniversary of the Closing Date, except that the

indemnification provided for by Section 13(b)(ii) shall so terminate (except as to claims as to which written notice has previously been given in good faith) on the third yearly anniversary of the Closing Date. All representations and warranties which do not survive the Closing are solely conditions to the Closing and, after the Closing, there shall be no liabilities or obligations in respect of a breach or claimed breach thereof. Except as provided in the Tax Procedures Agreement, it is understood and agreed that the sole remedy of the Purchasers in respect of any breach by Colt, Operating or Garlock of a representation, warranty, covenant or agreement contained in this Agreement shall be the indemnification provided by Section 13.

16. Absence of Finder; Payment of Expenses.

(a) Each party represents to the other that there is no finder, broker or similar person entitled to a fee for the negotiation, execution or consummation of this Agreement, other than the fees of The First Boston Corporation, whose fees will be paid by Colt.

(b) New Crucible intends to obtain ALTA Owner's Policies Form B 1970 (the "Title Policies"), with standard (a.k.a. general) exceptions and exceptions of record, including the lien of the Mortgage (or such other form as New Crucible may choose providing comparable coverage) issued to New Crucible as the sole named insured, dated as

of the Closing Date, insuring the Real Property (other than the IDB Leased Property) in the amount of the fair market value of such Real Property as set forth in the "Appraisal Report: Crucible Materials Corporation--various sites" prepared by American Appraisal Associates, Inc. Colt has agreed to bear the cost of any premiums payable in connection with obtaining such policies.

(c) Reasonable third-party fees and expenses arising out of the transactions contemplated hereby and listed on Exhibit H hereto will be paid by Crucible or New Crucible up to a maximum of \$2,000,000 in the aggregate. Any such fees and expenses paid on or prior to the Closing Date by Colt, Operating or Crucible, shall be reimbursed to Colt by New Crucible at the Closing. Any such amounts in excess of \$2,000,000 shall be paid by Colt. If this Agreement is terminated pursuant to Section 31, all such fees and expenses shall be paid by Colt. Colt agrees to pay the expenses incurred by it, Operating and Garlock in connection with this Agreement, including the fees of their counsel and accountants.

17. Notices. Any notice to a party hereto pursuant to this Agreement shall be given in writing personally or by prepaid certified or registered mail addressed, if to Colt, Operating or Garlock, to the attention of General Counsel, Colt Industries Inc, 430 Park Avenue, New York,

New York 10022; if to Holding or New Crucible, to the attention of Vincent H. Callahan, Crucible Materials Corporation, State Fair Boulevard, Syracuse, New York 13201; and, if to the ESOP, to the attention of Thoben F. Elrod, Jr., The Citizens and Southern National Bank, Employee Benefit Department, P.O. Box 4114, Atlanta, Georgia 30302-4114.

18. Further Assurances; Maintenance of and Access to Records; Lease Agreement. Colt, Operating and Garlock agree that they will execute and deliver to New Crucible, concurrently with or at any time after the Closing, any deed, assignment, conveyance or assurance of title (which shall be prepared at the expense of New Crucible) and necessary or appropriate to confirm the title of New Crucible, or of the particular one of the Companies, of the properties owned by the Companies. Colt further agrees, following the Closing, to either negotiate a mutually acceptable services agreement or transfer to its own computer systems, at its own expense, all pension, personnel and other records relating to the Terminated Operations and other Colt matters that are currently being maintained by Crucible on computer and to remove all other such records within one year during which period New Crucible will permit the storage of such records on its premises. The parties hereto agree that no files, books or records maintained by

Colt or the Companies relating to the Companies and existing at the Closing Date shall be destroyed for a period of three years after Closing and shall not be destroyed by any party hereto or by the Companies thereafter without giving the other parties at least 30 days' notice, during which time such other parties shall have the right to examine and to remove any of such files, books and records prior to their destruction; provided, however, that the destruction, examination and removal of files, books and records relating to tax matters shall be controlled by the Tax Procedures Agreement. The parties hereto and their agents shall have full access during normal business hours to all such files, books and records of the other parties. The parties hereto agree that New Crucible shall enter into a lease agreement, at a rental to be agreed upon therein, which will provide for the lease to Colt or one of its subsidiaries for a term not to exceed one year of the offices currently occupied by personnel performing services for Colt or its subsidiaries other than Crucible.

19. Publicity. Each of the parties hereto agrees that it will not make any public disclosure concerning the execution of this Agreement or the consummation of the transactions contemplated hereby without the consent of the others; provided, however, that each party shall be permitted to make such disclosures to the public or to

governmental agencies as its counsel deems necessary to comply with applicable law or regulations. Colt and the Purchasers will cooperate to prepare a joint press release to be issued in connection with the Closing and, upon the request of Colt or either Purchaser, at the time of the signing of this Agreement.

20. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, applicable to contracts made and to be performed in such state.

21. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

22. Agreements. Holding agrees to cause New Crucible to comply with the following agreements:

(a) On and after the Closing so long as any indebtedness with respect to the IDBs shall be outstanding New Crucible will comply with all the terms and conditions of the agreements relating thereto unless it shall have paid in full, or effectively provided for the discharge in full of, such IDBs and it will cause its indebtedness with respect to the IDBs to be maintained in rank pari passu with all its senior debt and superior in right of payment to any and all of its subordinated debt.

(b) On and after the Closing the funds held in the bond fund of any IDB shall be used only for the purposes of payment of the principal of and interest on such IDB, as permitted by the trust indenture or other instrument applicable to such IDB, and, in the event there is a Change in Control of New Crucible (otherwise than by reason of action by Colt and its subsidiaries), then promptly thereafter (i) the outstanding principal, accrued interest and all other amounts payable in connection with all outstanding IDBs shall be paid; (ii) provision, reasonably satisfactory to Colt, shall be made to have the principal, interest and all other amounts payable in connection with such IDBs paid as they become due; or (iii) provision shall be made so that Colt shall no longer have any obligation with respect to the payment of principal, interest or any other amount in connection with any of the IDBs. For purposes of this Section 22(b), a "Change in Control" shall mean the acquisition by a single interest or group (other than Technology Metals (as an ownership vehicle for certain management employees of New Crucible), the Crucible Fund, the ESOP, Colt or its subsidiaries) of an aggregate of 20% or more of the outstanding voting stock of New Crucible.

(c) New Crucible shall not (i) terminate any pension plan covering employees of the Companies or (ii) take or omit to take any other action with respect to

any such plan, in either case in such a way as to cause Colt, Operating or Garlock or any subsidiary of them to become liable to the Pension Benefit Guaranty Corporation.

(d) On and after the Closing Date, New Crucible shall be bound by the provisions of the Final Judgment in United States of America v. RMI Company, et al., U.S. District Court for the Western District of Pennsylvania, Civil Action No. 78-1108, dated July 29, 1980; the Final Judgment in United States of America v. Allegheny Ludlum Steel Corporation, et al., U.S. District Court for the District of New Jersey, Civil No. 4583, dated October 25, 1948; and the Order to Cease and Desist In the Matter of American Iron & Steel Institute, et al., United States of America Before Federal Trade Commission, Docket No. 5508, dated August 10, 1951, as such Final Judgments and Order may be amended or modified, during the period they are in effect, and New Crucible shall indemnify and hold Colt harmless in respect of any loss, cost, expense, deficiency, liability or damage resulting from any violation of such Final Judgments or Order by Holding, Crucible, New Crucible or any officer, director, employee or agent thereof. Holding acknowledges that copies of such Final Judgments and Order have been provided to Holding and Holding's counsel.

(e) So long as the Term Loans shall not have been indefeasibly repaid or any indebtedness shall be outstanding

under the IDBs, New Crucible will deliver the following financial statements to Colt: (i) consolidated and consolidating balance sheets, statements of earnings and statements of changes in financial position for New Crucible and Crusteel for each fiscal year ending after the Closing, and for the period then ended, prepared in accordance with generally accepted accounting principles applied consistently with the Combined Financial Statements, together with the report thereon of AA or PMM or other accountants of recognized national standing acceptable to Colt; (ii) consolidated and consolidating balance sheets, statements of earnings and statements of changes in financial position at the end of each of the first three fiscal quarters of New Crucible and Crusteel for each fiscal year ending after the Closing, and for the quarterly and year-to-date periods then ended, prepared in accordance with generally accepted accounting principles applied consistently with the Combined Financial Statements, together with a certificate of the chief financial officer and President of New Crucible with respect thereto; (iii) at the same time they are delivered to the Lenders, copies of any financial statements or other financial information provided to the Lenders or any of them; and (iv) such other financial data as Colt may reasonably request.

(f) So long as the Term Loans shall not have been indefeasibly repaid or any indebtedness shall be outstanding under the IDBs, New Crucible will permit any person designated by Colt to visit and inspect any of the properties of the Companies, including without limitation their original books of entry, and to discuss their affairs, finances and accounts with their officers, all at such reasonable times and as often as Colt may reasonably request.

(g) So long as the Aggregate Colt Exposure shall exceed \$10,000,000, one person selected by Colt shall be a member of the Board of Directors of New Crucible (out of a total of no more than six members).

(h) U.S. Patent Application No. 537,135 and related foreign patent applications for Method of Producing Iron-Silicon Alloy Articles shall be retained by Operating.

23. Crucible Stock. The provisions of this Section 23 shall remain in effect so long as the Restricted Securities, as defined in Section 24 hereof, shall be outstanding, and shall inure to the benefit of, and be enforceable by, each successor to Operating as a holder thereof.

(a) Upon surrender at the office of the transfer agent of any certificates representing shares of Crucible Series A Preferred Stock or Crucible Series B Preferred Stock, as the case may be, for conversion into Crucible

Common Stock or upon surrender at such office of any certificates representing shares of Restricted Securities for exchange or transfer, the transfer agent will, at the expense of New Crucible, issue upon such conversion or exchange or transfer new certificates in such denomination or denominations as may be requested for the same aggregate number of shares of Restricted Securities represented by the certificates so surrendered, or for the number of shares of Crucible Common Stock issuable upon conversion of the shares of Crucible Series A Preferred Stock or Crucible Series B Preferred Stock, as the case may be, surrendered, and registered as such holder may request. For purposes hereof, transfer agent shall mean such transfer agent as New Crucible may appoint from time to time.

Upon receipt of evidence satisfactory to New Crucible of the loss, theft, destruction or mutilation of any certificate for shares of Restricted Securities and, in the case of any such loss, theft or destruction, upon delivery of an agreement of indemnity satisfactory to New Crucible (a written agreement of indemnity by Colt shall be satisfactory), or, in the case of any such mutilation, upon surrender and cancelation thereof, New Crucible at its expense will issue a new certificate for the same aggregate

number of shares of such Restricted Securities represented by such lost, stolen, destroyed or mutilated certificate.

(b) Prior to the payment of any dividends on the Restricted Securities, the Board of Directors of New Crucible will declare all such dividends. Nothing in this subsection (b) shall be deemed to limit the discretion of the Board of Directors to declare such dividends under the applicable laws of the jurisdiction of its incorporation and its Certificate of Incorporation.

(c) New Crucible will not issue any additional shares of Crucible Series A Preferred Stock or Crucible Series E Preferred Stock unless and until all the shares of Crucible Series A Preferred Stock or Crucible Series E Preferred Stock shall have been redeemed pursuant to its Certificate of Incorporation or converted into shares of Crucible Common Stock, as the case may be. Notwithstanding the preceding sentence, all shares of Crucible Series A Preferred Stock or Crucible Series E Preferred Stock redeemed, converted, purchased or otherwise acquired by New Crucible shall immediately assume the status of authorized but unissued preferred stock and may thereafter, to the extent permitted by its Certificate of Incorporation, be issued, upon proper corporate action as shares of another

series of the class of preferred stock of which the shares are a series.

(d) New Crucible will take no action which will require or permit New Crucible to treat the dividends on the shares of Restricted Securities or any part thereof as deductible interest payments on its books or its Federal, state or local income tax returns and will take no action which will require or permit, or could reasonably be expected to require or permit, New Crucible to treat the dividends on the shares of Restricted Securities or any part thereof as deductible interest under any provision of the Internal Revenue Code of 1954, as amended (the "Code"), whether now in effect or hereafter enacted or adopted, unless, in either case, such action will not result in denial of the 85% received deduction presently provided by Section 243(a)(1) of the Code (herein called the "Dividends Received Deduction") to any owner of the shares of Restricted Securities who shall otherwise be eligible to claim such deduction. In addition, New Crucible covenants not to take any action voluntarily which could reasonably be expected to cause the Dividends Received Deduction to be eliminated or reduced with respect to dividends on the shares of Restricted Securities.

The covenants contained in this subsection (d) shall be inapplicable if the Code shall be amended after delivery of the shares of Restricted Securities in such a manner as to provide that dividends on the shares of Restricted Securities shall not be treated, in whole or in part as eligible for the Dividends Received Deduction; provided, however, that if, as a result of such Code amendment, only a portion of the dividends are not treated as eligible for the Dividends Received Deduction, New Crucible covenants not to take any action voluntarily which could reasonably be expected to cause the Dividends Receivable Deduction to be eliminated or reduced with respect to the portion of the dividends or shares of Restricted Securities that remain eligible for the Dividends Received Deduction.

(e) New Crucible will not, and will not permit any of its subsidiaries or any affiliates to, become a party to or bound by any contract, indenture, agreement, instrument, charter provision (except as presently provided in its Certificate of Incorporation) or authorizing resolution for any series of preferred stock or preference stock or any note, debenture, bond or other security, under the terms of

or pursuant to which the ability of New Crucible to declare or pay dividends on, to make any other distributions with respect to, or to redeem or purchase any of, the shares of Crucible Series A Preferred Stock, Crucible Series E Preferred Stock or any of its stock ranking on a parity with such shares of stock, will in any way be restricted, except the Loan Agreement, the Mellon Term Loan Agreement and the Chase Loan Agreement.

(f) New Crucible will not take any action not permitted, nor will it omit to take any action required by its Certificate of Incorporation.

(g) At any time after the fifth anniversary of the Closing Date, each holder of outstanding shares of Crucible Series A Preferred Stock or Crucible Series E Preferred Stock, if such holder shall be Colt or any of its affiliates or subsidiaries, shall have the right to require New Crucible to repurchase, upon 30 days' prior written notice, all or any part of such holder's shares at a price (the "Repurchase Price") equal to \$100 per share, plus an amount equal to the aggregate par value of undistributed stock dividends accrued to and including the date on which such shares are repurchased, payable in cash out of funds legally available for such repurchase; provided, however, that such holder's right to require New Crucible to repurchase such holder's shares shall be subject to the condition

precedent that New Crucible, after giving effect to such repurchase, shall not be in default under any of the covenants set forth in the Loan Agreement, the Mellon Term Loan Agreement and the Chase Loan Agreement.

Any holder of Crucible Series A Preferred Stock or Crucible Series E Preferred Stock, desiring to exercise its right pursuant to the preceding paragraph shall give notice to New Crucible by first class mail, postage prepaid, specifying the number of shares which are to be repurchased and the date on which such shares are to be repurchased. Such holder shall surrender his certificate or certificates evidencing such shares to New Crucible on or after the date specified and shall thereupon receive payment therefor at the Repurchase Price.

Commencing on the fifth anniversary of the Closing Date, no dividends or other distributions shall be paid on any Subordinate Stock, nor shall any shares of Crucible stock be purchased, redeemed or retired for cash or otherwise unless and until all required repurchases pursuant to this Section 23(g) shall have been made or provided for, except that New Crucible may from time to time repurchase shares of Subordinate Stock held by (i) the ESOP, the Crucible Fund or any employee stock ownership plan for employees of the Company and its affiliates who are covered by a collective bargaining agreement, which plan is qualified under Section 401(a) of the Code, as such shares

become distributable to participants therein (or their beneficiaries) by reason of the death, disability, retirement or separation from employment of such participants and (ii) Technology Metals in accordance with the terms and conditions contained in the agreements contemplated by Section 11(e).

24. Restrictions on Transfer. All shares of the capital stock of Crucible retained by Operating hereunder and all shares of stock issued in exchange therefor or upon conversion or transfer thereof or paid as a dividend thereon (collectively, "Restricted Securities") shall be transferable only upon satisfaction of the conditions specified in this Section 24. Operating and each recipient of such stock of Crucible in transactions permitted by this Section 24 are herein collectively referred to as the "Permitted Holders".

(a) Restrictive Legend. Except as provided in Section 24(e), each certificate representing Restricted Securities shall bear a legend in substantially the following form:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be transferred in the absence of such registration or an exemption therefrom under such Act. Such shares may be transferred only in compliance with the conditions specified in the Purchase Agreement dated as of November 5, 1985, among CMC Holding Company, Inc., The Employee Stock Ownership Plan of CMC Holding Company, Inc., Colt Industries Inc, Colt Industries Operating Corp and Garlock Inc, a complete and correct copy of which is available for

inspection at the principal office of Crucible Materials Corporation and will be furnished without charge to the holder of such shares upon written request."

(b) Restrictions on Transfer of Crucible Common Stock. The Permitted Holders may, without the consent of New Crucible, sell, transfer, or otherwise dispose of Restricted Securities (i) to New Crucible, (ii) to any Affiliate of Colt, (iii) subject to compliance with Section 24(d), to any Affiliate of a Permitted Holder, which Affiliate is an Institutional Investor, (iv) in an offering which is registered under the Securities Act of 1933, as amended ("1933 Act") or (v) subject to compliance with Sections 24(c) and (d), in an offering (whether or not to an Affiliate of the transferor) which is exempt from the registration requirements of the 1933 Act. The Permitted Holders may sell, transfer or otherwise dispose of Restricted Securities to any other Person with the consent of New Crucible. The provisions of this Section 24 shall not apply to the conversion (without transfer to a third party) of Crucible Series A Preferred Stock into Crucible Common Stock.

(c) Notice of Proposed Transfer; Opinion of Counsel. Prior to any transfer of any Restricted Securities pursuant to Section 24(b)(v), the Permitted Holder shall give written notice to New Crucible of its intention to

effect such transfer and to comply with this Section 24(c). Each such notice shall enclose an opinion of Cravath, Swaine & Moore or another nationally recognized law firm to the effect that the transfer may be effected without registration of such Restricted Securities under the 1933 Act. Such opinion may (but need not) also include such counsel's advice to the effect set forth in Section 24(e)(i). Upon delivery of such notice and opinion to New Crucible (and compliance with Section 24(d)), the Permitted Holder shall thereupon be entitled to transfer such Restricted Securities in accordance with the terms thereof.

(d) Requirements of Certain Transfers. Prior to any transfer of any Restricted Securities pursuant to Section 24(b)(iii) or 24(b)(v), the Permitted Holder shall give written notice to New Crucible of its intention to effect such transfer and to comply with this Section 24(d). Each such notice shall enclose (i) the written representation of the transferee that it is acquiring such Restricted Securities for investment and not with a view to the distribution thereof (subject, however, to any requirement of law that the distribution thereof shall at all times be within the control of such transferee), and (ii) the written agreement of such transferee to be bound by the provisions of this Section 24 applicable to it as a Permitted Holder.

(e) Termination of Restrictions. The restrictions imposed by this Section 24 upon the transferability of Restricted Securities shall cease and terminate as to any particular Restricted Securities at the first to occur of (i) the Permitted Holder (or prior Permitted Holder) of such Restricted Securities shall have delivered to New Crucible an opinion of Cravath, Swaine & Moore or another nationally recognized law firm to the effect that the restrictions imposed by this Section 24 are no longer required in order to assure compliance by New Crucible with the 1933 Act as to such Restricted Securities, (ii) such Restricted Securities shall have been transferred pursuant to Section 24(b)(iv), or (iii) New Crucible is a reporting company under the Securities Exchange Act of 1934, as amended (the "1934 Act"), and trading in the class of capital stock in which such Restricted Securities are included is effected on a national securities exchange or is reported through the automated quotation system of a registered securities association, a consolidated transaction reporting system or a similar generally recognized automated securities trading quotation system. The restrictions imposed by this Section 24 upon the transferability of Restricted Securities shall cease and terminate as to all Restricted Securities on December 31, 1999. Whenever such restrictions shall cease and terminate as to any Restricted Securities, the Permitted

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Holders shall be entitled to receive from New Crucible, without expense, new certificates of like tenor for such Restricted Securities not bearing the legend set forth in Section 24(a).

25. Registration Rights. (a) Demand Registration Rights. Upon the written request of a Registration Rights Holder made at any time after the fifth yearly anniversary of the Closing Date or such earlier date as New Crucible shall have registered any of its securities under the 1933 Act or have become subject to the reporting requirements of the 1934 Act, requesting that New Crucible effect the registration under the 1933 Act of all or some of the shares of the Crucible Series A Preferred Stock and/or Crucible Common Stock held by such Registration Rights Holders (the "Registered Stock") and specifying the number of such shares intended to be sold or otherwise distributed and the intended method or methods of disposition, New Crucible will use its best efforts to effect the registration, under the 1933 Act, of such Registered Stock for disposition in accordance with the intended method or methods of disposition stated in such request. Each registration requested pursuant to this Section 25(a) shall be effected by filing of a registration statement on an appropriate form selected by New Crucible which is the most expedient form

then permitted with respect to the proposed offering by the Securities and Exchange Commission ("SEC").

(b) Expenses of Registration Under Demand Rights.

The Registration Rights Holder shall pay all reasonable out-of-pocket expenses incurred in connection with any request for registration pursuant to Section 25(a) including, but not limited to, registration and filing fees, underwriting discounts, commissions and expenses, printing expenses, fees and expenses of legal counsel for the Registration Rights Holder and New Crucible, Blue Sky counsel, accounting fees, transfer agent and registrar fees, and any other expenses incidental to such registration statement (and all amendments thereto), including those expenses incurred in connection with the printing, filing and distribution of any preliminary prospectus and the final prospectus.

(c) Limitations, Conditions and Qualifications to Obligations of New Crucible Under Demand Registration

Rights. The obligations of New Crucible to use its best efforts to effect registration of Registered Stock pursuant to Section 25(a) are subject to the following limitations:

- (i) the right to require registration of shares of Registered Stock pursuant to Section 25(a) may not be

exercised by any Registration Rights Holder more than once in any 12-month period, nor more than 2 times by all Registration Rights Holders in the aggregate;

(ii) New Crucible shall be entitled to postpone for a reasonable period of time the filing of any registration statement requested pursuant to Section 25(a) if at the time it receives the request for registration it determines, in its reasonable judgment, that such registration and offering would materially interfere with any financing, acquisition, corporate reorganization or other material transaction involving New Crucible and promptly gives the Registration Rights Holder written notice of such determination. If New Crucible shall so postpone the filing of a registration statement, the Registration Rights Holder shall have the right to withdraw the request for registration by giving written notice to New Crucible within 30 days after receipt of the notice of postponement and such request shall not be counted for the purposes of Section 25(c)(i);

(iii) any offering under Section 25(a) shall be pursuant to a firm commitment underwriting, the managing underwriter or underwriters of which (together, the "Managing Underwriters") shall be selected by the

Registration Rights Holder and approved by New Crucible (which approval shall not be unreasonably withheld);

(iv) New Crucible shall enter into an underwriting agreement with the underwriters for such offering containing representations and warranties by New Crucible and other terms and provisions applicable to New Crucible as are customarily contained in underwriting agreements with respect to secondary distributions; and

(v) In lieu of effecting any registration requested by a Registration Rights Holder pursuant to Section 25(a) hereof, New Crucible may elect to repurchase from such Registration Rights Holder the number and class of shares specified in such request. If New Crucible wishes to exercise such election, then New Crucible shall deliver to such Registration Rights Holder written notice to such effect (the "Election Notice") not later than 15 days following the receipt by New Crucible of any such request for registration. Such notice shall constitute a binding commitment of New Crucible to purchase all (but not part) of such specified shares on the date set forth in the Election Notice (which date shall not be later than 30 days after delivery of the Election Notice) at the Public Offering Price. The Public Offering Price shall be

the price at which such shares might otherwise be offered to the public as of the date on which such shares are to be repurchased, less the customary underwriting discounts as shall be determined by the Managing Underwriters, which determination shall be based on the criteria such Managing Underwriters customarily consider in establishing the offering price in connection with a public offering.

(d) Piggy-back Registration Rights. If New Crucible shall propose to file before January 1, 1996, a registration statement under the 1933 Act with respect to any of its securities, New Crucible shall give each Registration Rights Holder notice thereof at least 45 days prior to filing and shall use its best efforts to include such number of shares of Registered Stock in such offering as each Registration Rights Holder shall request within 30 days of its receipt of the notice from New Crucible, upon the same terms (including the method of distribution) as such offering is being made.

(e) Expenses of Registration Under Colt's Piggy-back Rights. In connection with any request for

registration pursuant to Section 25(d), New Crucible and each Registration Rights Holder shall each pay its pro rata share (based upon the respective public offering prices of the securities covered by the registration statement) of the reasonable expenses of the offering covered thereby, including their respective pro rata share of registration and filing fees, underwriting discounts, commissions and expenses, printing expenses, expenses incurred in connection with the printing, filing and distribution of any preliminary prospectus and the final prospectus, fees and expenses of Blue Sky counsel, insurance premiums and any other expenses incidental to such registration statement (and all amendments thereto); provided, however, that New Crucible and each Registration Rights Holder shall each pay its own legal fees and expenses (other than Blue Sky counsel) and New Crucible shall pay all transfer agent and registration fees.

(f) Limitations, Conditions and Qualifications to Obligations of New Crucible Under Piggy-back Registration Rights. The obligations of New Crucible under Section 25(d) are subject to the following limitations:

(i) the number of shares of Registered Stock held by all Registration Rights Holders which may be included in New Crucible's initial public offering under the 1933 Act shall consist of not more than

8 percent of the aggregate number of shares to be included in such offering, provided that, if Operating shall make the election pursuant to Section 1(i) hereof, such percentage shall be increased by 80% of the increased percentage of Common Stock retained by Operating as of the Closing Date on a fully converted basis as a result of such election. For purposes of such calculation, shares of Crucible Series A Preferred Stock or Crucible Series B Preferred Stock, as the case may be, shall be weighted by means of the then-applicable conversion price;

(ii) any notice of conversion of Crucible Series A Preferred Stock given by a Registration Rights Holder after its request pursuant to Section 25(d) above shall be revocable until the last business day prior to the effective date of any registration statement covering shares of Crucible Common Stock issuable upon such conversion (and may, at the option of such Registration Rights Holder stated in its notice of conversion, be subject to closing of the sale of such Crucible Common Stock following effectiveness of such registration statement), but for purposes of calculating the limitation in Section 25(f)(i), such conversion shall be

deemed to have occurred on the date of its request pursuant to Section 25(d);

(iii) the Managing Underwriters shall be of recognized standing and selected by New Crucible and approved by Colt (which approval shall not be unreasonably withheld);

(iv) New Crucible shall not be obligated under Section 25(d) to effect registration of any Registered Stock as part of a registration relating solely to a stock option or other employee benefit plan, a merger or consolidation with another corporation or an acquisition of assets; and

(v) New Crucible may, at any time and at its sole discretion, withdraw a registration statement and abandon in the entirety any proposed offering referred to in Section 25(d).

(g) Procedural Obligations in Connection with Registrations. In connection with any registration by New Crucible pursuant to this Section 25, New Crucible shall:

(i) furnish to each Registration Rights Holder and underwriter such number of copies of any prospectus (including any preliminary prospectus) as each may reasonably request in order to facilitate the disposition of the Registered Stock to be sold or otherwise

distributed by the Registration Rights Holders and any underwriters;

(ii) use its best efforts to qualify the offering under applicable state Blue Sky or securities laws as may be necessary to enable the Registration Rights Holders and any underwriters to sell or otherwise distribute the Registered Stock pursuant to this Section 25; provided, however, that New Crucible shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction where it is not so qualified[, or to subject itself to taxation in any such jurisdiction,] or to consent to general service of process in any such jurisdiction;

(iii) use its best efforts to cause such registration statement to remain current for 90 days following its effective date or such lesser period as the managing underwriter (or the Registration Rights Holder) may agree; and

(iv) use its best efforts to obtain insurance against any 1933 Act liabilities of the Registration Rights Holders and any underwriters, or allegations thereof, arising out of the registration, offering and sale of the Registered Stock.

(h) Indemnification. The following shall govern each registration by New Crucible pursuant to this Section 25:

(i) New Crucible will indemnify and hold harmless each Registration Rights Holder, each underwriter of Registered Stock, their respective directors and officers and each Person, if any, who controls any Registration Rights Holder or any such underwriter within the meaning of Section 15 of the 1933 Act, against any and all losses, claims, damages or liabilities (including without limitation settlement costs) to which they or any of them may become subject under the 1933 Act, 1934 Act, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such registration statement, prospectus or any amendment or supplement thereto, or any related preliminary prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse them for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss,

claim, damage, liability or action; provided, however, that New Crucible will not be liable to any Registration Rights Holder in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any of such documents in reliance upon and in conformity with written information furnished to New Crucible by such Registration Rights Holder specifically for use therein, it being understood that none of this Agreement, the Disclosure Letter, the documents forms of which are attached as Exhibits hereto, the balance sheet referred to in Section 5(d) or any other document or information prepared or furnished in connection with the transactions contemplated hereby shall constitute information furnished in writing to New Crucible specifically for use therein. Such indemnity shall be in addition to any liability which New Crucible may otherwise have;

(ii) each Registration Rights Holder will indemnify and hold harmless New Crucible, its directors and officers and each Person, if any, who controls New Crucible within the meaning of Section 15 of the 1933 Act, against any losses, claims, damages or liabilities (including without limitation settlement costs) to

which they or any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such registration statement, prospectus or any amendment or supplement thereto, or any related preliminary prospectus, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to New Crucible by such Registration Rights Holder specifically for use therein (subject to the understanding stated in the second to the last sentence of Section 25(h)(i); and will reimburse any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action. This indemnity will be in addition to any liability which any Registration Rights Holder may otherwise have;

(iii) promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in this Section 25(h), such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 25(h), give written notice to the indemnifying party of the commencement of such action or proceeding; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section 25(h), except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action or proceeding is brought against an indemnified party, the indemnifying party will be entitled to participate in and to assume the defense thereof, to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof. No indemnifying party will consent to entry of any

judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim, action or proceeding.

26. Right of First Offer. If Colt or any of its subsidiaries or affiliates wishes to sell all or part of the Restricted Securities held by it to a third party at any time on or before the fifth anniversary of the Closing Date (the "First Offer Period"), Colt or any such subsidiary or affiliate shall first be obliged to offer to sell such shares to New Crucible in accordance with the procedures set forth in this Section 26. In order to initiate its right to sell the Restricted Securities to a third party during the First Offer Period, Colt or its subsidiary or affiliate, as the case may be, shall deliver to New Crucible a notification (the "First Offer Notification") describing a proposed offer to sell such shares of Crucible for such price as shall be specified in such First Offer Notification (the "Offered Shares" and the "First Offer Sale Price", respectively). The First Offer Notification shall (i) advise New Crucible that Colt or its subsidiary or affiliate, as the case may be, desires to sell the Offered Shares to a third party (which third party need not be known, but if known will be named), (ii) state the proposed

First Offer Sale Price, (iii) set forth the other material terms of the proposed offer (the "Other First Offer Sale Terms"), and (iv) give New Crucible the option to purchase the Offered Shares at the First Offer Sale Price and upon the Other First Offer Sale Terms.

(b) Within 45 days after the giving of the First Offer Notification, New Crucible shall give notice to Colt, or its subsidiary or affiliate, as the case may be, to the effect that:

(i) New Crucible has elected to purchase the Offered Shares, in which event such notice shall constitute a binding commitment of New Crucible to purchase the Offered Shares at the First Offer Sale Price and upon the Other First Offer Sale Terms on the date specified in such notice (which date shall not be later than 5 days after delivery of such notice),

(ii) New Crucible does not wish to purchase the Offered Shares, in which event Colt, its subsidiary or affiliate, as the case may be, shall have the right at any time for a period of six months after receipt of such notice to offer to sell all or part of the Offered Shares to any third party upon terms and conditions no less favorable than the First Offer Sale Price and the Other First Offer Sale Terms.

If New Crucible fails to give such notice in response to the First Offer Notification within such 45 days, New Crucible shall be deemed to have given notice in the form set forth in clause (ii) above. If New Crucible fails to fulfill the obligation to purchase the Offered Shares pursuant to clause (i) above, then, in addition to all other available remedies, Colt, its subsidiary or affiliate, as the case may be, may at any time for a period of six months after such default, offer to sell all or a part of the Offered Shares to any person at any price and upon any other terms.

27. Entire Agreement. This Agreement, the Exhibits hereto and the Schedules contained in the Disclosure Letter set forth the entire agreement of the parties with respect to the purchase and sale of shares hereunder, and supersede any and all prior agreements or understandings between the parties hereto with respect to such transaction.

28. Binding Nature. This Agreement shall inure to the benefit of and be binding upon and enforceable against the successors and assigns of Holding, the ESOP, Colt, Operating and Garlock, including without limitation New Crucible as the successor to Holding.

29. Amendments; No Assignment. This Agreement may be amended, superseded, cancelled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the

party waiving compliance. This Agreement is not assignable, otherwise than pursuant to Section 1(j) or 1(k) or by operation of law.

30. Severability of Provisions. If any provision or any portion of any provision of this Agreement or the application of any such provision or any portion thereof to any person or circumstance, shall be held invalid or unenforceable, the remaining portion of such provision and the remaining provisions of this Agreement, or the application of such provision or portion of such provision as is held invalid or unenforceable to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

31. Definitions. For purposes of this Agreement, the following terms shall have the respective meanings set forth or referred to in this Section 30:

(a) The term "AA" shall have the meaning set forth in Section 3(a).

(b) The term "Affiliate" shall mean any Person directly or indirectly controlling, controlled by or under direct or indirect common control with another Person and shall include in the case of the Permitted Holders (i) any Person who is or has been within the past five years from the date hereof, an officer, director or beneficial holder of at least 5% of the outstanding Common Stock of the

Permitted Holders and the spouse, parent or child of any such officer, director or holder, and (ii) any Person of which the Permitted Holders or an Affiliate (as defined in clause (i) above) of the Permitted Holders shall, directly or indirectly, either beneficially own at least 5% of the outstanding equity securities or constitute at least a 5% participant.

(c) The term "Aggregate Colt Exposure" shall mean the sum of (i) the aggregate par value of Crucible Series A Preferred Stock held of record or beneficially by Colt and its subsidiaries, (ii) the aggregate unpaid principal amount of, and accrued interest on, the indebtedness outstanding under the IDE's, and (iii) the aggregate unpaid principal amount of, and accrued interest on, the indebtedness outstanding under the Mellon Term Loan Agreement and the Chase Loan Agreement.

(d) The term "Agreement" shall mean this Purchase Agreement.

(e) The term "Assignment" shall have the meaning set forth in Section 1(i).

(f) The term "Change in Control" shall have the meaning set forth in Section 22(b).

(g) The term "Chase" shall have the meaning set forth in Section 1(f).

(h) The term "Chase Loan Agreement" shall have the meaning set forth in Section 1(f).

(i) The term "Chase Term Loan" shall have the meaning set forth in Section 1(f).

(j) The term "Closing" shall have the meaning set forth in Section 2.

(k) The term "Closing Balance Sheet" shall have the meaning set forth in Section 3(a).

(l) The term "Closing Date" shall have the meaning set forth in Section 2.

(m) The term "Code" shall have the meaning set forth in Section 6(a).

(n) The term "Colt" shall mean Colt Industries Inc, a Pennsylvania Corporation.

(o) The term "Colt Chase Guarantee" shall have the meaning set forth in Section 1(f).

(p) The term "Colt Common Stock" shall have the meaning set forth in Section 1(b)(i).

(q) The term "Colt Common Stock Amount" shall have the meaning set forth in Section 1(b)(i).

(r) The term "Colt/Mellon Guarantee" shall have the meaning set forth in Section 1(e).

(s) The term "Colt/Purchasers Documents" shall have the meaning set forth in Section 5(n).

(t) The term "Combined Financial Statements" shall have the meaning set forth in Section 5(d).

(u) The term "Companies" shall mean Crucible and Crusteel collectively (and individually as a "Company").

(v) The term "Crucible" shall mean Crucible Materials Corporation, a Delaware corporation.

(w) The term "Crucible Common Stock" shall mean the Common Stock, without par value, stated value \$10 per share, of Crucible.

(x) The term "Crucible Fund" shall have the meaning set forth in Section 1(b)(i).

(y) The term "Crucible Materials Group" shall have the meaning set forth in Section 5(d).

(z) The term "Crucible Salaried Plans" shall have the meaning set forth in Section 6(f).

(aa) The term "Crucible Series A Preferred Stock" shall mean the 13% cumulative convertible preferred stock, Series A, par value \$100 per share, of Crucible.

(bb) The term "Crucible Series B Preferred Stock" shall mean the 16.5% cumulative convertible preferred stock, Series B, par value \$100 per share, of Crucible.

(cc) The term "Crucible Series C Preferred Stock" shall mean the 16.5% cumulative convertible preferred stock, Series C, par value \$100 per share, of Crucible.

(dd) The term "Crucible Series E Preferred Stock" shall mean the 13.0% cumulative preferred stock Series E, par value \$100 per share, of Crucible.

(ee) The term "Crusteel" shall mean Crusteel Limited, an English company.

(ff) The term "Disclosure Letter" shall have the meaning set forth in Section 5(b).

(gg) The term "Dividends Received Deduction" shall have the meaning set forth in Section 23(e).

(hh) The term "Employee Common Amount" shall have the meaning set forth in the Preliminary Statement.

(hh) The term "Employee Common Value" shall have the meaning set forth in Section 1(h).

(ii) The term "Employee Preferred Amount" shall have the meaning set forth in the Preliminary Statement.

(jj) The term "Employee Preferred Value" shall have the meaning set forth in Section 1(h).

(kk) The term "Environmental" shall have the meaning set forth in Section 14.

(ll) The term "ERISA" shall have the meaning set forth in Section 6(a).

(mm) The term "ESOP" shall mean The Employee Stock Ownership Plan of Crucible Materials Corporation.

(nn) The term "ESOP Note" shall have the meaning set forth in Section 1(f).

(oo) The term "ESOP Pledge" shall have the meaning set forth in Section 1(f).

(pp) The term "Exchange Agreement" shall mean the Agreement of Exchange and Reorganization attached to this Agreement as Exhibit A.

(qq) The term "Garlock" shall mean Garlock Inc, an Ohio corporation.

(rr) The term "HLHZ" shall mean Houlihan, Lokey, Howard & Zuken, Inc.

(ss) The term "Holding" shall mean CMC Holding Company, Inc., a Delaware corporation.

(tt) The term "Holding Common Stock" shall have the meaning set forth in Section 1(h).

(uu) The term "Holding Series E Preferred Stock" shall have the meaning set forth in Section 1(h).

(vv) The term "Holding Series C Preferred Stock" shall mean the \$6,300,000 aggregate par value of 16.5% cumulative convertible preferred stock, par value \$100 per share, issued by Holding to Technology Metals.

(ww) The term "IDB Leased Property" shall have the meaning set forth in Section 5(g).

(xx) The term "IDBs" shall have the meaning set forth in Section 7(d).

(yy) The term "indemnifiable damages" shall have the meaning set forth in Section 13(b).

(zz) The term "Institutional Investor" shall mean a bank as defined in Section 3(a)(2) of the 1933 Act whether acting in its individual or fiduciary capacity; an insurance company as defined in Section 2(13) of the 1933 Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; a Small Business Investment Company licensed by the Small Business Administration; or an employee benefit plan, including an individual retirement account, which is subject to the provisions of ERISA, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, insurance company or registered investment adviser; any person who, on the basis of such factors as financial sophistication, net worth, knowledge, and experience in financial matters, or amount of assets under management qualifies as an accredited investor under rules and regulations which the SEC shall prescribe from time to time.

(aaa) The term "Inter-Creditor Agreement" shall have the meaning set forth in Section 1(f).

(bbb) The term "Lenders" shall have the meaning set forth in Section 1(e).

(ccc) The term "Loan Agreement" shall have the meaning set forth in Section 1(e).

(ddd) The term "Managing Underwriters" shall have the meaning set forth in Section 25(c)(iii).

(eee) The term "Mellon" shall have the meaning set forth in Section 1(e).

(fff) The term "Mellon Term Loan" shall have the meaning set forth in Section 1(e).

(ggg) The term "Mellon Term Loan Agreement" shall have the meaning set forth in Section 1(e).

(hhh) The term "1933 Act" shall mean the Securities Act of 1933, as amended.

(iii) The term "1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

(jjj) The term "NASDAQ" means the National Association of Securities Dealers Automated Quotation System.

(kkk) The term "New Crucible" shall have the meaning set forth in Section 1(j).

(lll) The term "Operating" shall mean Colt Industries Operating Corp, a Delaware corporation.

(mmm) The term "Permitted Holders" shall have the meaning set forth in Section 24.

(nnn) The term "Person" shall mean an individual, partnership, corporation, association, trust joint venture, unincorporated organization, and any government, governmental department or agency or political subdivision thereof.

(ooo) The term "Plan of Merger" shall have the meaning set forth in Section 1(j).

(ppp) The term "plans" shall have the meaning set forth in Section 6(a).

(qqq) The term "Pledge Assignment" shall have the meaning set forth in Section 1(f).

(rrr) The term "PMM" shall have the meaning set forth in Section 3(a).

(sss) The term "PW" shall have the meaning set forth in Section 3(b).

(ttt) The term "Purchasers" shall mean Holding and the ESOP, collectively.

(uuu) The term "Real Property" shall have the meaning set forth in Section 5(g).

(vvv) The term "Recapitalization" shall mean the recapitalization of Crucible caused by Operating, as set forth in the Exchange Agreement.

(www) The term "Registration Rights Holders" shall mean Operating, Colt, each Affiliate of Colt and each Institutional Investor that is a Permitted Holder at the time in question.

(xxx) The term "Registered Stock" shall have the meaning set forth in Section 25(a).

(yyy) The term "Restricted Security" shall have the meaning set forth in Section 24.

(zzz) The term "Revolver Security Agreements" shall have the meaning set forth in Section 1(e).

(aaaa) The term "SEC" shall have the meaning set forth in Section 25(a).

(bbbb) The term "Subordinate Stock" shall mean any stock of New Crucible junior in priority as to dividends to the Crucible Series A Preferred Stock. Commencing on the fifth anniversary of the Closing Date, Crucible Series B Preferred Stock, Crucible Series C Preferred Stock and Crucible Series D Preferred Stock shall not be deemed to be junior in priority as to dividends to the Crucible Series A Preferred Stock.

(cccc) The term "Tax Procedures Agreement" shall have the meaning set forth in Section 9(e).

(dddd) The term "Technology Metals" shall have the meaning set forth in Section 8(a)(vii).

(eeee) The term "Terminated Operations" shall have the meaning set forth in Section 5(m).

(ffff) The term "Terminated Plans" shall have the meaning set forth in Section 6(a).

(gggg) The term "Terminated Works" shall have the meaning set forth in Section 5(m).

(hhhh) The term "Term Loans" shall mean the Chase Term Loan and the Mellon Term Loan collectively.

(iiii) The term "Term Loan Security Agreements" shall have the meaning set forth in Section 1(e).

32. Termination. If the Closing shall not have been completed on or prior to December 23, 1985, this

Agreement may be terminated by either Purchaser or Colt at its sole option by notice to each other party hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CMC HOLDING COMPANY, INC.,

By Vincent H. Callahan
Vincent H. Callahan
President

THE EMPLOYEE STOCK OWNERSHIP PLAN
OF CRUCIBLE MATERIALS CORPORATION,

By The Citizens and Southern
National Bank, not in its
individual capacity but as Trustee,

By Thoben F. Elrod, Jr.
Thoben F. Elrod, Jr.
Senior Vice President

COLT INDUSTRIES INC,

By Salvatore J. Cozzolino
Salvatore J. Cozzolino
Executive Vice President and
Treasurer

COLT INDUSTRIES OPERATING CORP,

By Joseph P. Lisa
Joseph P. Lisa
Vice President and Controller

GARLOCK INC,

By Joseph P. Lisa
Joseph P. Lisa
Vice President and Controller

Agreement may be terminated by either Purchaser or Colt at its sole option by notice to each other party hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CMC HOLDING COMPANY, INC.,

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THE EMPLOYEE STOCK OWNERSHIP PLAN
OF CRUCIBLE MATERIALS CORPORATION,

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By _____
Salvatore J. Cozzolino
Executive Vice President and
Treasurer

COLT INDUSTRIES OPERATING CORP,

By _____
Joseph P. Lisa
Vice President and Controller

GARLOCK INC,

By _____
Joseph P. Lisa
Vice President and Controller

AGREEMENT OF EXCHANGE
AND REORGANIZATION

Agreement of Exchange and Reorganization (the "Exchange Agreement") dated as of [insert Closing Date], 1985, between COLT INDUSTRIES OPERATING CORP, a Delaware corporation ("Operating") and CRUCIBLE MATERIALS CORPORATION, a Delaware corporation and a wholly owned subsidiary of Operating ("Crucible").

Operating owns all the outstanding stock of Crucible, which outstanding capital stock consists on the date hereof of 1,000 shares of common stock, par value \$1 per share ("Common Stock").

The parties wish to set forth their agreement with respect to a proposed recapitalization of Crucible, and accordingly hereby agree as follows:

1. Charter Amendments. In accordance with the provisions of the Delaware General Corporation Law, the Board of Directors of Crucible have, by resolutions duly adopted by unanimous written consent, approved a proposed Certificate of Amendment to the Articles of Incorporation of Crucible with terms as set forth in Exhibit I attached hereto. Operating has by written consent as the sole shareholder of Crucible adopted appropriate resolutions approving the proposed Certificate of Amendment. Crucible has caused the due execution, acknowledgment, filing and

recording of such Certificate of Amendment with the Secretary of State of the State of Delaware.

2. Exchange of Stock. Concurrently with the execution and delivery of this Exchange Agreement, Operating is exchanging 1000 shares of Common Stock for (i) [] shares of 13.0% cumulative convertible preferred stock, Series A, par value \$100 per share, of Crucible; (ii) [] shares of 16.5% cumulative convertible preferred stock, Series B, par value \$100 per share, of Crucible; (iii) 63,000 shares of 16.5% cumulative convertible preferred stock, Series C, par value \$100 per share, of Crucible and (iv) [] shares of common stock, without par value, of Crucible.

IN WITNESS WHEREOF, the parties have caused this Exchange Agreement to be duly executed as of the date first above written.

COLT INDUSTRIES OPERATING CORP,

by

Title:

CRUCIBLE MATERIALS CORPORATION,

by

Title:

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION

CRUCIBLE MATERIALS CORPORATION, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation by unanimous written consent adopted resolutions proposing and declaring advisable the following amendment to the Certificate of Incorporation of such corporation:

RESOLVED, that the Certificate of Incorporation of the Corporation be amended by changing the Fourth Article thereof so that, as amended, such Article shall be and read as follows:

"4. The total number of shares of stock which the corporation shall have authority to issue is _____ (), of which _____ shall be shares of Common Stock, without par value, _____ shall be shares of 13.0% cumulative convertible preferred stock, Series A, par value \$100 per share, _____ shall be shares of 16.5% cumulative convertible preferred stock, Series B, par value \$100 per share, _____ shall be 16.5% cumulative convertible preferred stock, Series C, par value \$100 per share, _____ shall be shares of 16.5% cumulative preferred stock, Series D, par value \$100 per share and _____ shall be shares of 13.0% cumulative preferred stock, Series E, par value \$100 per share.

The relative rights, privileges and restrictions of the shares of each class are as follows:

[_____]"

SECOND: That the sole stockholder of the corporation has given its written consent to such amendment in accordance with the provisions of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by _____, its President and attested by _____, its Secretary, this _____ day of December 1985.

CRUCIBLE MATERIALS CORPORATION

by _____
President

Attest:

by _____
Secretary

CRUCIBLE MATERIALS CORPORATION

CERTIFICATE OF RESOLUTION

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

13.0% CUMULATIVE CONVERTIBLE A PREFERRED STOCK
16.5% CUMULATIVE CONVERTIBLE B PREFERRED STOCK
16.5% CUMULATIVE CONVERTIBLE C PREFERRED STOCK
16.5% CUMULATIVE D PREFERRED STOCK
13.0% CUMULATIVE E PREFERRED STOCK

CRUCIBLE MATERIALS CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), HEREBY CERTIFIES that the following resolution was duly adopted by the Board of Directors of the Corporation, pursuant to authority conferred upon the Board of Directors by the provisions of the Certificate of Incorporation which authorizes the issuance of up to 2,000,000 shares of Preferred Stock, having a par value of \$100.00 per share, at a meeting thereof duly held on _____, 1985:

"RESOLVED, that the Board of Directors hereby authorizes the issue of the first five series of Preferred Stock, having a par value of \$100.00 per share, of the Corporation and reserves for issuance, and authorizes the issuance of, the number of shares of Common Stock issuable upon conversion of the A Preferred Stock (as herein defined), the B Preferred Stock (as herein defined) and the C Preferred Stock (as herein defined), and the number of shares of D Preferred Stock (as herein defined) and E Preferred Stock (as herein defined) that may be issued as a dividend on shares of such series as herein provided upon the terms and conditions set forth herein, and hereby fixes the designations, preferences and privileges, relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof, in addition to those set forth in the said Certificate of Incorporation, as follows:

13.0% CUMULATIVE CONVERTIBLE A PREFERRED STOCK

(1) Designation. 200,000 shares of the Preferred Stock, having a par value of \$100.00 per share, of the Corporation are hereby constituted as a series of Preferred Stock, having a par value of \$100.00 per share, designated as "13% Cumulative Convertible A Preferred Stock" (hereinafter called "A Preferred Stock").

(2) Dividends. The holders of shares of A Preferred Stock shall be entitled to receive dividends, when and as declared by the Board of Directors, payable in shares of the Corporation's E Preferred Stock (as hereinafter defined) at the annual rate of 0.13 shares of E Preferred Stock per share, and no more, payable quarterly on the first day of January, April, July and October in each year, commencing January 1, 1986, to holders of record on such respective dates, not exceeding 30 days preceding the payment date thereof, as may be determined by the Board of Directors in advance of the payment of each particular dividend. Dividends shall be payable on A Preferred Stock and E Preferred Stock (as hereinafter defined) in preference to any dividends payable on B Preferred Stock (as hereinafter defined), C Preferred Stock (as hereinafter defined) and D Preferred Stock (as hereinafter defined) with respect to any period ending on or before December 31, 1990 (after which date dividends shall accrue and be payable on B Preferred Stock, C Preferred Stock and D Preferred Stock on a parity with dividends on A Preferred Stock and E Preferred Stock), and in preference to any dividends payable on any stock junior to A Preferred Stock in priority as to dividends. No dividends shall be declared on any other series or class or classes of stock ranking on a parity with the A Preferred Stock as to dividends in respect of any quarter-yearly dividend period unless there shall likewise be or have been declared on all shares of A Preferred Stock at the time outstanding like dividends for all quarter-yearly periods coinciding with or ending before such quarter-yearly period, ratably in proportion to the respective annual dividend rates per annum fixed therefor. Dividends shall be cumulative and will accrue on each share of A Preferred Stock whether or not earned or declared, and whether or not there are from time to time funds legally available therefor, from the date of issue thereof except that dividends on shares of A Preferred Stock issued after the first date of issue of any shares of A Preferred Stock shall accrue from such first date of issue, or from the most recent dividend payment due in the case of shares issued after the initial dividend payment date. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments which may be in arrears. Dividends payable on the A Preferred Stock for any period less than a full quarter shall be computed on the basis of a 360-day year.

If in any quarter-yearly dividend period, dividends at an annual rate of 0.13 shares of E Preferred Stock per share shall not have been declared and paid or set apart for payment on all outstanding shares of A Preferred Stock for such

quarter-yearly dividend period and all preceding quarter-yearly dividend periods from and after the first day from which dividends are cumulative, then, until the aggregate deficiency shall be declared and fully paid or set apart for payment, the Corporation shall not (i) declare or pay or set apart for payment any dividends or make any other distribution on the Common Stock or any other capital stock of the Corporation ranking junior to the A Preferred Stock with respect to the payment of dividends or distribution of assets on liquidation, dissolution or winding up of the Corporation (the Common Stock and such other stock being herein referred to as "Junior Stock") or (ii) make any payment on account of the purchase, redemption or other retirement of any Junior Stock, except for purchases of Junior Stock held by or for The Employee Stock Ownership Plan of Crucible Materials Corporation, The Crucible Fund for Eligible Salaried Employees of all Divisions of Crucible Materials Corporation or any other employee stock ownership plan (as defined in Section 4975 of the Internal Revenue Code of 1954, as amended) for employees of the Corporation or a subsidiary of the Corporation subject to a collective bargaining agreement ("Future Union ESOP"), or any participant therein or beneficiary thereof to the extent of any Junior Stock distributed by any of the aforementioned plans or fund, and except for purchases of Junior Stock held by [management in accordance with Colt/Management agreement]. For purposes of the foregoing paragraph, the B Preferred Stock, C Preferred Stock and D Preferred Stock shall be considered to be Junior Stock with reference to the A Preferred Stock and E Preferred Stock until January 1, 1991 and thereafter shall rank on a parity with the A Preferred Stock and E Preferred Stock for all dividend purposes.

(3) Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the A Preferred Stock upon liquidation, dissolution or winding up, the holders of the shares of the A Preferred Stock shall be entitled to receive, in cash, \$100 per share plus an amount equal to all dividends accrued and unpaid thereon to the date of final distribution to such holders, whether or not earned or declared; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the A Preferred Stock shall be

insufficient to pay in full the preferential amount aforesaid and liquidating payment on any other Preferred Stock ranking as to liquidation, dissolution or winding up, on a parity with the A Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of A Preferred Stock and any such other Preferred Stock ratably in accordance with the respective amounts which would be payable upon liquidation, dissolution or winding up on such shares of A Preferred Stock and any such other Preferred Stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), a consolidation or merger of the Corporation with one or more corporations shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

Subject to the rights of the holders of any series or class or classes of stock ranking on a parity with or prior to the A Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the A Preferred Stock as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the A Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the A Preferred Stock shall not be entitled to share.

For the purposes of this Section (3), the A Preferred Stock ranks on a parity with the B Preferred Stock, the C Preferred Stock, the D Preferred Stock and the E Preferred Stock upon liquidation.

(4) Redemption.

(a) The A Preferred Stock may not be redeemed prior to January 1, 1991. Commencing January 15, 1991, the Corporation, at its option, may redeem shares of the A Preferred Stock, as a whole or in part, at any time or from time to time at a redemption price of \$100 per share payable in cash, plus accrued and unpaid dividends thereon to the date fixed for redemption payable in cash (the sum of \$100 together with such accrued and unpaid dividends being referred to herein as the "Redemption Price").

(b) In the event the Corporation shall redeem shares of A Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30

nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of A Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the Redemption Price; (4) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed will cease to accrue on such redemption date. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the indefeasible payment of the Redemption Price) dividends on the shares of the A Preferred Stock so called for redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the Redemption Price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company having an office in the City of Pittsburgh, Pennsylvania, or the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of A Preferred Stock so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of six years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders of such shares of A Preferred Stock so called for redemption shall look only to the Corporation for payment of the Redemption Price.

Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the Redemption Price. If less than all the outstanding shares of A Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation pro rata (as nearly as may be) from each holder of outstanding shares of A Preferred Stock in the proportion that the shares thereof to be redeemed bear to the total number of shares of the A Preferred Stock then

outstanding. If less than all of the outstanding shares represented by any surrendered certificate are to be redeemed, a new certificate representing the unredeemed shares shall be issued without charge.

In no event shall the Corporation redeem less than all the outstanding shares of A Preferred Stock pursuant to subsection (a) of this Section (4) unless full cumulative dividends shall have been paid or declared and set apart for payment upon all outstanding shares of A Preferred Stock for all past dividend periods.

(5) Shares to be Retired. All shares of A Preferred Stock redeemed or purchased by the Corporation or converted shall be retired and cancelled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of A Preferred Stock.

(6) Voting. Except as expressly provided hereinafter in this Section (6) or as otherwise from time to time required by law, the A Preferred Stock shall have no voting rights. Whenever, at any time or times, dividends payable on the A Preferred Stock shall be in arrears in an amount equal to at least six full quarterly dividends on the A Preferred Stock at the time outstanding, the holders of the outstanding A Preferred Stock shall have the right, voting together as a class with holders of shares of all other series of Preferred Stock upon which like voting rights have been conferred and are exercisable, to elect a single director of the Corporation at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of the holders of the A Preferred Stock, the maximum authorized number of members of the Board of Directors shall automatically be increased by one and the vacancy so created shall be filled by the vote of the holders of the outstanding A Preferred Stock, together with the holders of shares of all other series of Preferred Stock, as hereinabove set forth.

Upon any termination of the right of the holders of the Preferred Stock to vote for directors as herein provided, the term of office of the director then in office elected by

the holders of the Preferred Stock voting as a class shall terminate immediately. The right of the holders of this series of Preferred Stock to vote for directors shall terminate immediately upon all dividend arrearages being cured with respect to this series of Preferred Stock. If the office of any director elected by the holders of the Preferred Stock voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the holders of the series of Preferred Stock which had the right to elect such director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the director elected by the holders of the Preferred Stock shall end and the special voting powers vested in the holders of the Preferred Stock as provided in this Section (6) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to the provisions of this Section (6).

So long as any shares of A Preferred Stock remain outstanding, the consent of the holders of at least two-thirds of the shares of A Preferred Stock outstanding at the time (voting separately as a class with all other series of Preferred Stock ranking on a parity with A Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable) given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(a) The authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock (including any class or series of preferred stock) ranking prior to or on a parity with [as those terms are hereinafter defined in this Section (6)] the A Preferred Stock, except for any class or series of stock to be issued to any Future Union ESOP; or

(b) The amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Certificate of Incorporation or of these resolutions, or any merger or consolidation, which would adversely affect any right, preference, privilege or voting power of the A Preferred Stock or of the holders thereof; provided,

however, that any increase in the amount of authorized Preferred Stock or the creation and issuance of other series of Preferred Stock, in each case ranking on a parity with or junior to the A Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers; or

(c) The sale, transfer or lease of all or substantially all of the properties and assets of the Corporation outside its ordinary course of business; provided, however, that nothing herein shall require the consent of the holders of the A Preferred Stock for or in respect of the creation of any mortgage, pledge or other lien upon all or any part of the assets of the Corporation.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the A Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

Any class or classes of stock of the Corporation shall be deemed to rank:

(i) prior to the A Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up if the holders of such class shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of the A Preferred Stock; and

(ii) on a parity with the A Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the A Preferred Stock, to the extent that the holders of such class and the A Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case

may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority one over the other.

(7) Conversion. The holders of shares of A Preferred Stock shall have the right, at their option, to convert any or all of such shares into fully paid and nonassessable shares of Common Stock of the Corporation at any time on and subject to the following terms and conditions:

(a) The shares of A Preferred Stock shall be convertible at the office of the Transfer Agent, and at such other office or offices, if any, as the Board of Directors may designate, into shares (calculated as to each conversion to the nearest 1/100 of a share) of Common Stock of the Corporation, at the conversion price, determined as hereinafter provided, in effect at the time of conversion, each share of A Preferred Stock being taken at \$100 for the purpose of such conversion. The price at which shares of Common Stock shall be delivered upon conversion (herein called the "conversion price") shall be initially \$25.71 per share of Common Stock. The conversion price shall be adjusted in certain instances as provided in paragraphs (c), (i), (j), (k) and (l) below and shall be increased in certain instances as provided in paragraph (k) below.

(b) In order to convert shares of A Preferred Stock into Common Stock, the holder thereof shall surrender at any office hereinabove mentioned the certificate or certificates therefor, duly endorsed or assigned to the Corporation or in blank, and give written notice to the Corporation at said office that such holder elects to convert such shares. Holders of shares of the A Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of a dividend on the shares of this Series to the opening of business on the date for payment of such dividend shall be entitled to receive the dividend payable on such dividend payment date on the shares of this Series being surrendered for conversion. No payment or adjustment shall be made upon any conversion on account of any dividends accrued on the shares of A Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion.

Shares of this Series shall be deemed to have been converted immediately prior to the close of business on the day of the surrender of such shares for conversion in accordance with the foregoing provisions, and the person or persons

entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock at such time. As promptly as practicable on or after the conversion date, the Corporation shall issue and shall deliver at said office a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with payment in lieu of any fraction of a share, as hereinafter provided, to the person or persons entitled to receive the same. In case shares of A Preferred Stock are called for redemption, the right to convert such shares shall cease and terminate at the close of business on the date fixed for redemption, unless default shall be made in payment of the redemption price.

(c) In case the conversion price in effect immediately prior to the close of business on any day shall exceed by 25 cents or more the amount determined at the close of business on such day by dividing:

(i) a sum equal to (A) 7,000,000 multiplied by \$25.71 (being the initial conversion price), plus (B) the aggregate of the amounts of all consideration received by the Corporation upon the issuance of Additional Shares of Common Stock, as hereinafter defined (including, without duplication in the event of the actual receipt thereof, amounts deemed to have been received by the Corporation pursuant to the last sentence of paragraph (e) below), minus (C) the aggregate of the amounts of all dividends and other distributions which have been paid or made after December __, 1985 on Common Stock of the Corporation, other than in cash out of its earned surplus or in Common Stock of the Corporation, by

(ii) the sum of (A) 7,000,000 and (B) the number of Additional Shares of Common Stock,

the conversion price shall be reduced, effective immediately prior to the opening of business on the next succeeding day, by an amount equal to the amount by which such conversion price shall exceed the amount so determined. The foregoing amount of 25 cents (or such amount as theretofore adjusted) shall be subject to adjustment as provided in paragraphs (i), (j), (k), (l) and (n) below, and such amount (or such amount as theretofore adjusted) is referred to in such paragraphs as the "Differential Amount".

(d) The term "Additional Shares of Common Stock" as used herein shall mean all shares of Common Stock issued by the Corporation after December __, 1985 (including (A) without duplication in the event of the actual issuance thereof, shares deemed to have been issued and to be "Additional Shares of Common Stock" pursuant to paragraph (j) below and (B) shares deemed to be "Additional Shares of Common Stock" pursuant to paragraph (k) below), whether or not subsequently reacquired or retired by the Corporation, other than:

(i) shares issued upon conversion of shares of the A Preferred Stock, the B Preferred Stock, the C Preferred Stock and any other stock issued to a Future Union ESOP;

(ii) shares issued upon exercise of options granted or to be granted to employees or directors for incentive purposes pursuant to any stock option plan approved by the holders of Common Stock of the Corporation; and

(iii) shares issued by way of dividend or other distribution on shares of Common Stock excluded from the definition of Additional Shares of Common Stock by the foregoing clause (i) or (ii) or this clause (iii) or on shares of Common Stock resulting from any subdivision or combination of shares of Common Stock so excluded.

(e) In case of the issuance of Additional Shares of Common Stock for a consideration part or all of which shall be cash, the amount of the cash consideration therefor shall be deemed to be the amount of cash received by the Corporation for such shares (or, if such Additional Shares of Common Stock are offered by the Corporation for subscription, the subscription price, or if such Additional Shares of Common Stock are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price), without deducting therefrom any compensation or discount in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services or for any expenses incurred in connection therewith. The subscription price for Additional Shares of Common Stock deemed to have been issued under paragraph (j) below shall be deemed to have been received by the Company at the time such Additional Shares of Common Stock are deemed to have been issued.

(f) In case of the issuance (otherwise than as a dividend or other distribution on any stock of the Corporation or upon conversion or exchange of other securities of the Corporation) of Additional Shares of Common Stock for a consideration part or all of which shall be other than cash, the amount of the consideration therefor other than cash shall be deemed to be the value of such consideration as reasonably determined by the Board of Directors in good faith, irrespective of the accounting treatment thereof. The reclassification of securities other than Common Stock into securities including Common Stock shall be deemed to involve the issuance for a consideration other than cash of such Common Stock immediately prior to the close of business on the date fixed for the determination of security-holders entitled to receive such Common Stock.

(g) A dividend or other distribution on any class of capital stock of the Corporation in cash or in property (including any dividend or other distribution in securities other than Common Stock) shall be deemed to have been paid or made immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or other distribution and the amount of such dividend or other distribution in property shall be deemed to be the value of such property as of the date of the adoption of the resolution declaring such dividend or other distribution, as reasonably determined by the Board of Directors in good faith at or as of that date. In the case of any such dividend or other distribution on Common Stock which consists of securities which are convertible into or exchangeable for shares of Common Stock, such securities shall be deemed to have been issued for a consideration equal to the value thereof as so determined.

If, upon the payment of any dividend or other distribution in cash or in property (excluding Common Stock but including all other securities), outstanding shares of Common Stock are cancelled or required to be surrendered for cancellation, on a pro rata basis, the excess of the number of shares of Common Stock outstanding immediately prior thereto over the number to be outstanding immediately thereafter (less that portion of such excess attributable to the cancellation of shares excluded from the definition of Additional Shares of Common Stock by clause (i), (ii) or (iii) of paragraph (d) above), shall be deducted from the sum computed pursuant to clause (ii) of paragraph (c) above for the purposes of all determinations under such paragraph (c) made immediately prior to the close of business on the date fixed for the

determination of stockholders entitled to receive such dividend or other distribution and at any time thereafter.

The reclassification (including any reclassification upon a consolidation or merger in which the Corporation is the continuing corporation) of Common Stock into securities including other than Common Stock shall be deemed to involve (A) a distribution on Common Stock of such securities other than Common Stock made immediately prior to the close of business on the effective date of the reclassification, and (B) a combination or subdivision, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number of shares of Common Stock outstanding immediately thereafter.

The issuance by the Corporation of rights or warrants to subscribe for or purchase securities of the Corporation shall not be deemed to be a dividend or distribution of any kind.

(h) In case of the issuance of Additional Shares of Common Stock upon conversion or exchange of other securities of the Corporation, the amount of the consideration received by the Corporation for such Additional Shares of Common Stock shall be deemed to be the total of (A) the amount of the consideration, if any, received by the Corporation upon the issuance of such other securities, plus (B) the amount of the consideration, if any, other than such other securities, received by the Corporation (except in adjustment of interest or dividends) upon such conversion or exchange. In determining the amount of the consideration received by the Corporation upon the issuance of such other securities, (i) except as otherwise provided in the following clauses (ii) and (iii), the amount of the consideration in cash and other than cash shall be determined pursuant to (X) the first sentence of paragraph (e) above and (Y) paragraph (f) above (in each case as if all references therein to "Additional Shares of Common Stock", "shares" or "Common Stock" were referenced to such other securities), (ii) any such other securities issued by way of dividend or other distribution on any class of capital stock of the Corporation other than Common Stock shall be deemed to have been issued without consideration, (iii) the amount of the consideration for any such other securities issued by way of dividend or other distribution on Common Stock shall be determined pursuant to paragraph (g) above, and (iv) if securities of the same class or series of a class as such other securities were issued for different amounts of consideration, or if some were issued for no consideration, then the amount of

the consideration received by the Corporation upon the issuance of each of the securities of such class or series, as the case may be, shall be deemed to be the average amount of the consideration received by the Corporation upon the issuance of all the securities of such class or series, as the case may be.

(i) In case Additional Shares of Common Stock are issued as a dividend or other distribution on any class of capital stock of the Corporation, the conversion price and the Differential Amount in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying each of them by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reductions to become effective immediately after the opening of business on the day following the date fixed for such determination. In the event of any such dividend or other distribution, the Additional Shares of Common Stock issued in connection therewith shall be deemed to have been issued immediately after the opening of business on the day following the date fixed for such determination and without consideration. For the purposes of this paragraph (i), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock (other than shares of Common Stock which, upon issuance, would not constitute Additional Shares of Common Stock). The Corporation will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation.

(j) In case the Corporation shall issue rights or warrants to all holders of its Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the conversion price in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such rights or warrants, such conversion price and the Differential Amount shall be reduced by multiplying each of them by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or

purchase would purchase at such conversion price and the denominator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination plus the number of shares of Common Stock so offered for subscription or purchase, such reductions to become effective immediately after the opening of business on the day following the date fixed for such determination. In the event of any such issuance of rights or warrants, the shares of Common Stock issuable in connection therewith shall be deemed to be "Additional Shares of Common Stock" and to have been issued immediately after the opening of business on the day following the date fixed for such determination. For the purposes of this paragraph (j), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Corporation but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock (other than shares of Common Stock which, upon issuance, would not constitute Additional Shares of Common Stock). The Corporation will not issue any rights or warrants in respect of shares of Common Stock held in the treasury of the Corporation.

(k) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the conversion price and the Differential Amount in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall each be proportionately reduced, and conversely, in case outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock, the conversion price and the Differential Amount in effect at the opening of business on the day following the day upon which such combination becomes effective shall each be proportionately increased, such reductions or increases, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective. In the event of any such subdivision, the number of shares of Common Stock outstanding immediately thereafter, to the extent of the excess thereof over the number outstanding immediately prior thereto (less that portion of such excess attributable to the subdivision of shares excluded from the definition of Additional Shares of Common Stock by clause (i), (ii) or (iii) of paragraph (d) above), shall be deemed to be "Additional Shares of Common Stock" and to have been issued immediately after the opening of business on the day following the day upon which such subdivision shall have become effective and without consideration. In the event of any such combination, the excess of the number of shares of

(b) In order to convert shares of A Preferred Stock into Common Stock, the holder thereof shall surrender at any office hereinabove mentioned the certificate or certificates therefor, duly endorsed or assigned to the Corporation or in blank, and give written notice to the Corporation at said office that such holder elects to convert such shares. Holders of shares of the C Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of a dividend on the shares of this Series to the opening of business on the date for payment of such dividend shall be entitled to receive the dividend payable on such dividend payment date on the shares of this Series being surrendered for conversion. No payment or adjustment shall be made upon any conversion on account of any dividends accrued on the shares of C Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion.

Shares of this Series shall be deemed to have been converted immediately prior to the close of business on the day of the surrender of such shares for conversion in accordance with the foregoing provisions, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock at such time. As promptly as practicable on or after the conversion date, the Corporation shall issue and shall deliver at said office a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with payment in lieu of any fraction of a share, as hereinafter provided, to the person or persons entitled to receive the same. In case shares of C Preferred Stock are called for redemption, the right to convert such shares shall cease and terminate at the close of business on the date fixed for redemption, unless default shall be made in payment of the redemption price.

(c) In case the conversion price in effect immediately prior to the close of business on any day shall exceed by 25 cents or more the amount determined at the close of business on such day by dividing:

(i) a sum equal to (A) 6,845,000 multiplied by \$6.75 (being the initial conversion price), plus (B) the aggregate of the amounts of all consideration received by the Corporation upon the issuance of Additional Shares of Common Stock, as hereinafter defined (including, without duplication in the event

Common Stock outstanding immediately prior thereto over the number outstanding immediately thereafter (less that portion of such excess attributable to the combination of shares excluded from the definition of Additional Shares of Common Stock by clause (i), (ii) or (iii) of paragraph (d) above) shall be deducted from the sum computed pursuant to clause (ii) of paragraph (c) above for the purposes of all determinations under such paragraph (c) made on any day after the day upon which such combination becomes effective. Shares of Common Stock held in the treasury of the Corporation and shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock (other than shares of Common Stock which, upon issuance, would not constitute Additional Shares of Common Stock) shall be considered outstanding for the purposes of this paragraph (k).

(l) In case of any consolidation of the Corporation with, or merger of the Corporation into, any other corporation (other than a consolidation or merger in which the Corporation is the continuing corporation), or in case of any conveyance or transfer of the property and assets of the Corporation substantially as an entirety, each share of this Series of Preferred Stock shall be convertible into the number and kind of shares of stock and other securities and property receivable upon such consolidation, merger, conveyance or transfer by a holder of the number and kind of shares of the Corporation into which such shares of this Series of Preferred Stock might have been converted immediately prior to such consolidation, merger, conveyance or transfer. The above provisions shall similarly apply to successive consolidations, mergers, conveyances or transfers, but shall not apply to any merger of CMC Holding Company, Inc., into the Corporation.

(m) In case at any time or from time to time conditions arise by reason of action taken by the Corporation, which in the reasonable opinion of the Board of Directors are not adequately covered by the provisions contained in paragraphs (c) through (l) and (n), and which might adversely affect the conversion rights of the holders of this Series of Preferred Stock, the Board of Directors shall appoint a firm of independent certified public accountants of recognized national standing, who shall give their opinion upon the adjustment, if any (on a basis consistent with the standards established in the provisions contained herein), necessary with respect to the conversion price so as to preserve without dilution the conversion rights of holders of this Series of Preferred Stock. Upon receipt of such opinion, the Board of Directors shall forthwith make the adjustments described therein.

(n) The Corporation may make such reductions in the conversion price and the Differential Amount, in addition to those required by the foregoing paragraphs, as it considers to be advisable in order that any event treated for Federal income tax purposes as a dividend of stock or stock rights shall not be taxable to the recipients.

(o) Whenever the conversion price is adjusted as herein provided:

(i) the Corporation shall compute the adjusted conversion price in accordance with this Section (7) and shall prepare a certificate signed by the President and Treasurer of the Corporation setting forth the adjusted conversion price and showing in reasonable detail the facts upon which such adjustment is based, including a statement of the consideration received or to be received by the Corporation for, and the amount of, any Additional Shares of Common Stock issued since the last such adjustment, and such certificate shall forthwith be filed with the Transfer Agent or Agents for this Series; and

(ii) a notice stating that the conversion price has been adjusted and setting forth the adjusted conversion price shall forthwith be required, and as soon as practicable after it is required, such notice shall be mailed to the holders of record of the outstanding shares of this Series; provided, however, that if within 10 days after the completion of mailing such a notice, an additional notice is required, such additional notice shall be deemed to be required pursuant to this clause (ii) as of the opening of business on the tenth day after such completion of mailing and shall set forth the conversion price as adjusted at such opening of business, and, upon the completion of mailing of such additional notice, no other notice need be given of any adjustment in the conversion price occurring at or prior to such opening of business and after the time that the next preceding notice given by mail became required.

(p) In case:

(i) the Corporation shall declare a dividend (or any other distribution) on its Common Stock

payable otherwise than in cash out of its earned surplus; or

(ii) the Corporation shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any other rights; or

(iii) of any reclassification of the capital stock of the Corporation (other than a subdivision or combination of its outstanding shares of Common Stock), or of any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or of the sale or transfer of all or substantially all of the assets of the Corporation; or

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation, then the Corporation shall cause to be mailed to any Transfer Agent or Agents for this Series and to the holders of record of the outstanding shares of this Series, at least 20 days prior to the applicable record date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up.

(q) The Corporation shall at all times reserve and keep available, free from pre-emptive rights, out of its authorized but unissued Common Stock, for the purpose of effecting the conversion of the shares of this Series, the full number of shares of Common Stock then deliverable upon the conversion of all shares of this Series then outstanding.

(r) No fractional shares of Common Stock shall be issued upon conversion, but, instead of any fraction of a share which would otherwise be issuable, the Corporation shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the fair market value per share of Common Stock (as reasonably determined by the Board of Directors in good faith) at the close of business on the day of conversion.

(s) The Corporation shall pay all transfer, documentary stamp or other similar transactional taxes attributable to the issuance or delivery of shares of Common Stock upon conversion of any shares of this Series of Preferred Stock.

(t) For the purpose of this Section (7), the term "Common Stock" shall include any stock of any class of the Corporation which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and which is not subject to redemption by the Corporation. However, shares issuable on conversion of shares of this Series shall include only shares of the class designated as Common Stock of the Corporation as of December __, 1985, or shares of any class or classes resulting from any reclassification thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and which are not subject to redemption by the Corporation; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

(8) Stock to be Nonassessable. Upon issuance of any shares of A Preferred Stock, and payment to the Corporation of the stated value thereof, such shares shall be fully paid and nonassessable, and such shares of Common Stock as shall be issuable upon conversion of A Preferred Stock shall be fully paid and nonassessable when the same shall be issued.

16.5% CUMULATIVE CONVERTIBLE B PREFERRED STOCK

(1) Designation. 100,000 shares of the Preferred Stock, having a par value of \$100.00 per share, of the Corporation are hereby constituted as a series of Preferred Stock, having a par value of \$100.00 per share, designated as "16.5% Cumulative Convertible B Preferred Stock" (herein called "B Preferred Stock").

(2) Dividends. The holders of shares of B Preferred Stock shall be entitled to receive, in preference to any stock junior in priority as to dividends, dividends, when and as declared by the Board of Directors, payable in shares of the Corporation's D Preferred Stock at the annual rate of 0.165 shares of D Preferred Stock per share, and no more, provided that such dividends shall not be paid (but shall continue to accrue) through and including December 31, 1990, if all dividends on the Corporation's A Preferred Stock and E Preferred Stock shall not have been paid in full. The Corporation may issue scrip certificates in lieu of issuing certificates for fractional shares in connection with any dividend paid in D Preferred Stock. The dividends on shares of B Preferred Stock shall be payable quarterly on the first day of January, April, July and October in each year, commencing January 1, 1986, to holders of record on such respective dates, not exceeding 30 days preceding the payment date thereof, as may be determined by the Board of Directors in advance of the payment of each particular dividend. No dividends shall be declared on any other series or class or classes of stock ranking on a parity with the B Preferred Stock as to dividends in respect of any quarter-yearly dividend period unless there shall likewise be or have been declared on all shares of B Preferred Stock at the time outstanding like dividends for all quarter-yearly periods coinciding with or ending before such quarter-yearly period, ratably in proportion to the respective annual dividend rates per annum fixed therefor. Dividends on C Preferred Stock and D Preferred Stock and, after December 31, 1990, dividends on A Preferred Stock and E Preferred Stock shall be payable on a parity with dividends on B Preferred Stock. Dividends shall be cumulative and will accrue on each share of B Preferred Stock whether or not earned or declared, and whether or not there are from time to time funds legally available therefor, from the date of issue thereof except that dividends on shares of B Preferred Stock issued after the first date of issue of any shares of B Preferred Stock shall accrue from such first date of issue, or from the most recent dividend payment due in the case of shares issued after the initial dividend payment date. No interest, or sum of money in lieu of

interest, shall be payable in respect of any dividend payment or payments which may be in arrears. Dividends payable on the B Preferred Stock for any period less than a full quarter shall be computed on the basis of a 360-day year.

If in any quarter-yearly dividend period stock dividends at the full annual rate set forth above in this Section (2) shall not have been declared and paid or set apart for payment on all outstanding shares of B Preferred Stock for such quarter-yearly dividend period and all preceding quarter-yearly dividend periods from and after the first day from which dividends are cumulative, then, until the aggregate deficiency shall be declared and fully paid or set apart for payment, the Corporation shall not (i) declare or pay or set apart for payment any dividends or make any other distribution on the Common Stock or any other capital stock of the Corporation ranking junior to the B Preferred Stock with respect to the payment of dividends or distribution of assets on liquidation, dissolution or winding up of the Corporation (the Common Stock and such other stock being herein referred to as "Junior Stock") or (ii) make any payment on account of the purchase, redemption or other retirement of any Junior Stock, except for purchases of Junior Stock held by or for any retirement plan, The Employee Stock Ownership Plan of Crucible Materials Corporation, The Crucible Fund for Eligible Salaried Employees of all Divisions of Crucible Materials Corporation or any employee stock ownership plan (as defined in Section 4975 of the Internal Revenue Code of 1954, as amended) for employees of the Corporation or a subsidiary of the Corporation subject to a collective bargaining agreement, or any participant therein or beneficiary thereof to the extent of any Junior Stock distributed by any of the aforementioned plans or fund, and except for purchases of Junior Stock held by [management in accordance with Colt/Management agreement].

(3) Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the B Preferred Stock upon liquidation, dissolution or winding up, the holders of the shares of the B Preferred Stock shall be entitled to receive, in cash, \$100 per share plus an amount equal to all dividends accrued and unpaid thereon to the date of final distribution to such holders, whether or not earned or declared; but such holders shall not be entitled to any further payment. If, upon any liquidation,

dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the B Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payment on any other Preferred Stock ranking as to liquidation, dissolution or winding up, on a parity with the B Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of B Preferred Stock and any such other Preferred Stock ratably in accordance with the respective amounts which would be payable upon liquidation, dissolution or winding up on such shares of B Preferred Stock and any such other Preferred Stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), a consolidation or merger of the Corporation with one or more corporations shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

Subject to the rights of the holders of any series or class or classes of stock ranking on a parity with or prior to the B Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the B Preferred Stock as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the B Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the B Preferred Stock shall not be entitled to share therein.

For the purposes of this Section (3), the B Preferred Stock ranks on a parity with the A Preferred Stock, the C Preferred Stock, the D Preferred Stock and the E Preferred Stock upon liquidation.

(4) Redemption.

(a) The B Preferred Stock may not be redeemed prior to January 1, 1994. Thereafter, the Corporation, at its option, may redeem shares of the B Preferred Stock, as a whole or in part, at any time or from time to time at a redemption price of \$100 per share payable in cash, plus accrued and unpaid dividends thereon to the date fixed for redemption payable in cash (the sum of \$100 together with such accrued and unpaid dividends being referred to herein as the "Redemption Price").

(b) In the event the Corporation shall redeem shares of B Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of B Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the Redemption Price; (4) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed will cease to accrue on such redemption date. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the indefeasible payment of the Redemption Price) dividends on the shares of the B Preferred Stock so called for redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the Redemption Price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company having an office in the City of Pittsburgh, Pennsylvania, or the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of B Preferred Stock so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of six years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders of such shares of B Preferred Stock so called for redemption shall look only to the Corporation for payment of the Redemption Price.

Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the Redemption Price. If less than all the outstanding shares of B Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of B

Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Corporation in its sole discretion to be equitable. If less than all of the outstanding shares represented by any surrendered certificate are to be redeemed, a new certificate representing the unredeemed shares shall be issued without charge.

In no event shall the Corporation redeem less than all the outstanding shares of B Preferred Stock pursuant to subsection (a) of this Section (4) unless full cumulative dividends shall have been paid or declared and set apart for payment upon all outstanding shares of B Preferred Stock for all past dividend periods.

(5) Shares to be Retired. All shares of B Preferred Stock redeemed or purchased by the Corporation or converted shall be retired and cancelled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of B Preferred Stock.

(6) Voting. Except as expressly provided hereinafter in this Section (6) or as otherwise from time to time required by law, the B Preferred Stock shall have no voting rights. Whenever, at any time or times, dividends payable on the B Preferred Stock shall be in arrears in an amount equal to at least six full quarterly dividends on the B Preferred Stock at the time outstanding, the holders of the outstanding B Preferred Stock shall have the right, voting together as a class with holders of shares of all other series of Preferred Stock upon which like voting rights have been conferred and are exercisable, to elect a single director of the Corporation at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of B Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of the holders of the B Preferred Stock, the maximum authorized number of members of the Board of Directors shall automatically be increased by one and the vacancy so created shall be filled by the vote of the holders of the outstanding B Preferred Stock, together with the holders of shares of all other series of Preferred Stock, as hereinabove set forth.

Upon any termination of the right of the holders of the Preferred Stock to vote for directors as herein provided, the term of office of the director then in office elected by the holders of the Preferred Stock voting as a class shall terminate immediately. The right of the holders of this series of Preferred Stock to vote for directors shall terminate immediately upon all dividend averages being cured with respect to this series of Preferred Stock. If the office of any director elected by the holders of the Preferred Stock voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the holders of the series of Preferred Stock which had the right to elect such director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the director elected by the holders of the Preferred Stock shall end and the special voting powers vested in the holders of the Preferred Stock as provided in this Section (6) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to the provisions of this Section (6).

So long as any shares of B Preferred Stock remain outstanding, the consent of the holders of at least two-thirds of the shares of B Preferred Stock outstanding at the time (voting separately as a class with all other series of Preferred Stock ranking on a parity with B Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable) given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(a) The authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock (including any class or series of preferred stock) ranking prior to or on a parity with [as those terms are hereinafter defined in this Section (6)] the B Preferred Stock, except for any class or series of stock to be issued to any Future Union ESOP; or

(b) The amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Certificate of Incorporation or of these resolutions, or any merger or consolidation, which would adversely affect any

right, preference, privilege or voting power of the B Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock or the creation and issuance of other series of Preferred Stock, in each case ranking on a parity with or junior to the B Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers; or

(c) The sale, transfer or lease of all or substantially all of the properties and assets of the Corporation outside its ordinary course of business; provided, however, that nothing herein shall require the consent of the holders of the B Preferred Stock for or in respect of the creation of any mortgage, pledge or other lien upon all or any part of the assets of the Corporation.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the B Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

Any class or classes of stock of the Corporation shall be deemed to rank:

(i) prior to the B Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up to the extent that the holders of such class shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of the B Preferred Stock; and

(ii) on a parity with the B Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the B Preferred Stock, if the holders of such class and the B Preferred Stock shall be entitled to the receipt of dividends or of amounts

distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority one over the other.

The B Preferred Stock, C Preferred Stock, D Preferred Stock and E Preferred Stock shall be deemed to rank on a parity with each other for all purposes.

(7) Conversion. The holders of shares of B Preferred Stock shall have the right, at their option, to convert any or all of such shares into fully paid and nonassessable shares of Common Stock of the Corporation at any time on and subject to the following terms and conditions:

(a) The shares of B Preferred Stock shall be convertible at the office of the Transfer Agent, and at such other office or offices, if any, as the Board of Directors may designate, into shares (calculated as to each conversion to the nearest 1/100 of a share) of Common Stock of the Corporation, at the conversion price, determined as hereinafter provided, in effect at the time of conversion, each share of B Preferred Stock being taken at \$100 for the purpose of such conversion. The price at which shares of Common Stock shall be delivered upon conversion (herein called the "conversion price") shall be initially \$3.89 per share of Common Stock. The conversion price shall be adjusted in certain instances as provided in paragraphs (c), (i), (j), (k) and (l) below and shall be increased in certain instances as provided in paragraph (k) below.

(b) In order to convert shares of A Preferred Stock into Common Stock, the holder thereof shall surrender at any office hereinabove mentioned the certificate or certificates therefor, duly endorsed or assigned to the Corporation or in blank, and give written notice to the Corporation at said office that such holder elects to convert such shares. Holders of shares of the B Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of a dividend on the shares of this Series to the opening of business on the date for payment of such dividend shall be entitled to receive the dividend payable on such dividend payment date on the shares of this Series being surrendered for conversion. No payment or adjustment shall be made upon any conversion on account of any dividends accrued on the shares of B Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion.

Shares of this Series shall be deemed to have been converted immediately prior to the close of business on the day of the surrender of such shares for conversion in accordance with the foregoing provisions, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock at such time. As promptly as practicable on or after the conversion date, the Corporation shall issue and shall deliver at said office a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with payment in lieu of any fraction of a share, as hereinafter provided, to the person or persons entitled to receive the same. In case shares of B Preferred Stock are called for redemption, the right to convert such shares shall cease and terminate at the close of business on the date fixed for redemption, unless default shall be made in payment of the redemption price.

(c) In case the conversion price in effect immediately prior to the close of business on any day shall exceed by 25 cents or more the amount determined at the close of business on such day by dividing:

(i) a sum equal to (A) 5,211,000 multiplied by \$3.89 (being the initial conversion price), plus (B) the aggregate of the amounts of all consideration received by the Corporation upon the issuance of Additional Shares of Common Stock, as hereinafter defined (including, without duplication in the event of the actual receipt thereof, amounts deemed to have been received by the Corporation pursuant to the last sentence of paragraph (e) below), minus (C) the aggregate of the amounts of all dividends and other distributions which have been paid or made after December 31, 1985 on Common Stock of the Corporation, other than in cash out of its earned surplus or in Common Stock of the Corporation, by

(ii) the sum of (A) 5,211,000 and (B) the number of Additional Shares of Common Stock,

the conversion price shall be reduced, effective immediately prior to the opening of business on the next succeeding day, by an amount equal to the amount by which such conversion price shall exceed the amount so determined. The foregoing amount of 25 cents (or such amount as theretofore adjusted) shall be subject to adjustment as provided in paragraphs (i), (j), (k)

and (1) below, and such amount (or such amount as theretofore adjusted) is referred to in such paragraphs as the "Differential Amount".

(d) Paragraphs (d) through (t), inclusive, of Section (7) of the terms and conditions of the A Preferred Stock are hereby incorporated in this Section (7) as if set forth in full herein as paragraphs (d) through (t), inclusive, of this Section (7).

(8) Stock to be Nonassessable. Upon issuance of any shares of B Preferred Stock, and payment to the Corporation of the stated value thereof, such shares shall be fully paid and nonassessable, and such shares of Common Stock as shall be issuable upon conversion of B Preferred Stock shall be fully paid and nonassessable when the same shall be issued.

16.5% CUMULATIVE CONVERTIBLE C PREFERRED STOCK

(1) Designation. 63,000 shares of the Preferred Stock, having a par value of \$100.00 per share, of the Corporation are hereby constituted as a series of Preferred Stock, having a par value of \$100.00 per share, designated as "16.5% Cumulative Convertible C Preferred Stock" (herein called "C Preferred Stock").

(2) Dividends. The holders of shares of C Preferred Stock shall be entitled to receive, in preference to any stock junior in priority as to dividends, dividends, when and as declared by the Board of Directors, payable in shares of the Corporation's D Preferred Stock at the annual rate of 0.165 shares of D Preferred Stock per share, and no more, provided that such dividends shall not be paid (but shall continue to accrue) through and including December 31, 1990, if all dividends on the Corporation's A Preferred Stock and E Preferred Stock shall not have been paid in full. The Corporation may issue scrip certificates in lieu of issuing certificates for fractional shares in connection with any dividend paid in D Preferred Stock. The dividends on shares of C Preferred Stock shall be payable quarterly on the first day of January, April, July and October in each year, commencing January 1, 1986, to holders of record on such respective dates, not exceeding 30 days preceding the payment date thereof, as may be determined by the Board of Directors in advance of the payment of each particular dividend. No dividends shall be declared on any other series or class or classes of stock ranking on a parity with the C Preferred Stock as to dividends

in respect of any quarter-yearly dividend period unless there shall likewise be or have been declared on all shares of C Preferred Stock at the time outstanding like dividends for all quarter-yearly periods coinciding with or ending before such quarter-yearly period, ratably in proportion to the respective annual dividend rates per annum fixed therefor. Dividends on B Preferred Stock and D Preferred Stock and, after December 31, 1990, dividends on A Preferred Stock and E Preferred Stock shall be payable on a parity with dividends on C Preferred Stock. Dividends shall be cumulative and will accrue on each share of C Preferred Stock whether or not earned or declared, and whether or not there are from time to time funds legally available therefor, from the date of issue thereof except that dividends on shares of C Preferred Stock issued after the first date of issue of any shares of C Preferred Stock shall accrue from such first date of issue, or from the most recent dividend payment due in the case of shares issued after the initial dividend payment date. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments which may be in arrears. Dividends payable on the C Preferred Stock for any period less than a full quarter shall be computed on the basis of a 360-day year.

If in any quarter-yearly dividend period stock dividends at the full annual rate set forth above in this Section (2) shall not have been declared and paid or set apart for payment on all outstanding shares of C Preferred Stock for such quarter-yearly dividend period and all preceding quarter-yearly dividend periods from and after the first day from which dividends are cumulative, then, until the aggregate deficiency shall be declared and fully paid or set apart for payment, the Corporation shall not (i) declare or pay or set apart for payment any dividends or make any other distribution on the Common Stock or any other capital stock of the Corporation ranking junior to the C Preferred Stock with respect to the payment of dividends or distribution of assets on liquidation, dissolution or winding up of the Corporation (the Common Stock and such other stock being herein referred to as "Junior Stock") or (ii) make any payment on account of the purchase, redemption or other retirement of any Junior Stock, except for purchases of Junior Stock held by or for The Employee Stock Ownership Plan of Crucible Materials Corporation, The Crucible Fund for Eligible Salaried Employees of all Divisions of Crucible Materials Corporation or any employee stock ownership plan (as defined in Section 4975 of the Internal Revenue Code of 1954, as amended) for employees of the Corporation or a subsidiary of the Corporation subject to a collective bargaining agreement, or any participant therein or

beneficiary thereof to the extent of any Junior Stock distributed by any of the aforementioned plans or fund, and except for purchases of Junior Stock held by [management in accordance with Colt/Management agreement].

(3) Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the C Preferred Stock upon liquidation, dissolution or winding up, the holders of the shares of the C Preferred Stock shall be entitled to receive, in cash, \$100 per share plus an amount equal to all dividends accrued and unpaid thereon to the date of final distribution to such holders, whether or not earned or declared; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the C Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payment on any other Preferred Stock ranking as to liquidation, dissolution or winding up, on a parity with the C Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of C Preferred Stock and any such other Preferred Stock ratably in accordance with the respective amounts which would be payable upon liquidation, dissolution or winding up on such shares of C Preferred Stock and any such other Preferred Stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), a consolidation or merger of the Corporation with one or more corporations shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

Subject to the rights of the holders of any series or class or classes of stock ranking on a parity with or prior to the C Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the C Preferred Stock as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the C Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the C Preferred Stock shall not be entitled to share therein.

For the purposes of this Section (3), the C Preferred Stock ranks on a parity with the A Preferred Stock, the B Preferred Stock, the D Preferred Stock and the E Preferred Stock upon liquidation.

(4) Redemption.

(a) The C Preferred Stock may not be redeemed prior to January 1, 1994. Thereafter, the Corporation, at its option, may redeem shares of the C Preferred Stock, as a whole or in part, at any time or from time to time at a redemption price of \$100 per share payable in cash, plus accrued and unpaid dividends thereon to the date fixed for redemption payable in cash (the sum of \$100 together with such accrued and unpaid dividends being referred to herein as the "Redemption Price").

(b) In the event the Corporation shall redeem shares of C Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of C Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the Redemption Price; (4) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed will cease to accrue on such redemption date. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the indefeasible payment of the Redemption Price) dividends on the shares of the C Preferred Stock so called for redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the Redemption Price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company having an office in the City of Pittsburgh, Pennsylvania, or the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of

the shares of C Preferred Stock so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of six years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders of such shares of C Preferred Stock so called for redemption shall look only to the Corporation for payment of the Redemption Price.

Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the Redemption Price. If less than all the outstanding shares of C Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of C Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Corporation in its sole discretion to be equitable. If less than all of the outstanding shares represented by any surrendered certificate are to be redeemed, a new certificate representing the unredeemed shares shall be issued without charge.

In no event shall the Corporation redeem less than all the outstanding shares of C Preferred Stock pursuant to subsection (a) of this Section (4) unless full cumulative dividends shall have been paid or declared and set apart for payment upon all outstanding shares of C Preferred Stock for all past dividend periods.

(5) Shares to be Retired. All shares of C Preferred Stock redeemed or purchased by the Corporation or converted shall be retired and cancelled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of C Preferred Stock.

(6) Voting. Except as expressly provided hereinafter in this Section (6) or as otherwise from time to time required by law, the C Preferred Stock shall have no voting rights. Whenever, at any time or times, dividends payable on the C Preferred Stock shall be in arrears in an amount equal to at least six full quarterly dividends on the C Preferred Stock at the time outstanding, the holders of the outstanding C Preferred Stock shall have the right, voting together as a class with holders of shares of all other series

of Preferred Stock upon which like voting rights have been conferred and are exercisable, to elect a single director of the Corporation at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of C Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of the holders of the C Preferred Stock, the maximum authorized number of members of the Board of Directors shall automatically be increased by one and the vacancy so created shall be filled by the vote of the holders of the outstanding C Preferred Stock, together with the holders of shares of all other series of Preferred Stock, as hereinabove set forth.

Upon any termination of the right of the holders of the Preferred Stock to vote for directors as herein provided, the term of office of the director then in office elected by the holders of the Preferred Stock voting as a class shall terminate immediately. The right of the holders of this series of Preferred Stock to vote for directors shall terminate immediately upon all dividend arrearages being cured with respect to this series of Preferred Stock. If the office of any director elected by the holders of the Preferred Stock voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the holders of the series of Preferred Stock which had the right to elect such director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the director elected by the holders of the Preferred Stock shall end and the special voting powers vested in the holders of the Preferred Stock as provided in this Section (6) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to the provisions of this Section (6).

So long as any shares of C Preferred Stock remain outstanding, the consent of the holders of at least two-thirds of the shares of C Preferred Stock outstanding at the time (voting separately as a class with all other series of Preferred Stock ranking on a parity with C Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable) given in

person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(a) The authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock (including any class or series of preferred stock) ranking prior to or on a parity with [as those terms are hereinafter defined in this Section (6)] the C Preferred Stock, except for any class or series of stock to be issued to any Future Union ESOP; or

(b) The amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Certificate of Incorporation or of these resolutions, or any merger or consolidation, which would adversely affect any right, preference, privilege or voting power of the C Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock or the creation and issuance of other series of Preferred Stock, in each case ranking on a parity with or junior to the C Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers; or

(c) The sale, transfer or lease of all or substantially all of the properties and assets of the Corporation outside its ordinary course of business; provided, however, that nothing herein shall require the consent of the holders of the C Preferred Stock for or in respect of the creation of any mortgage, pledge or other lien upon all or any part of the assets of the Corporation.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the C Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

Any class or classes of stock of the Corporation shall be deemed to rank:

(i) prior to the C Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up to the extent that the holders of such class shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of the C Preferred Stock; and

(ii) on a parity with the C Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the C Preferred Stock, if the holders of such class and the C Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority one over the other.

The B Preferred Stock, C Preferred Stock, D Preferred Stock and E Preferred Stock shall be deemed to rank on a parity with each other for all purposes.

(7) Conversion. The holders of shares of C Preferred Stock shall have the right, at their option, to convert any or all of such shares into fully paid and nonassessable shares of Common Stock of the Corporation at any time on and subject to the following terms and conditions:

(a) The shares of C Preferred Stock shall be convertible at the office of the Transfer Agent, and at such other office or offices, if any, as the Board of Directors may designate, into shares (calculated as to each conversion to the nearest 1/100 of a share) of Common Stock of the Corporation, at the conversion price, determined as hereinafter provided, in effect at the time of conversion, each share of C Preferred Stock being taken at \$100 for the purpose of such conversion. The price at which shares of Common Stock shall be delivered upon conversion (herein called the "conversion price") shall be initially \$6.75 per share of Common Stock. The conversion price shall be adjusted in certain instances as provided in paragraphs (c), (i), (j), (k) and (l) below and shall be increased in certain instances as provided in paragraph (k) below.

(b) In order to convert shares of A Preferred Stock into Common Stock, the holder thereof shall surrender at any office hereinabove mentioned the certificate or certificates therefor, duly endorsed or assigned to the Corporation or in blank, and give written notice to the Corporation at said office that such holder elects to convert such shares. Holders of shares of the C Preferred Stock surrendered for conversion during the period from the close of business on any record date for the payment of a dividend on the shares of this Series to the opening of business on the date for payment of such dividend shall be entitled to receive the dividend payable on such dividend payment date on the shares of this Series being surrendered for conversion. No payment or adjustment shall be made upon any conversion on account of any dividends accrued on the shares of C Preferred Stock surrendered for conversion or on account of any dividends on the Common Stock issued upon conversion.

Shares of this Series shall be deemed to have been converted immediately prior to the close of business on the day of the surrender of such shares for conversion in accordance with the foregoing provisions, and the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Stock at such time. As promptly as practicable on or after the conversion date, the Corporation shall issue and shall deliver at said office a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion, together with payment in lieu of any fraction of a share, as hereinafter provided, to the person or persons entitled to receive the same. In case shares of C Preferred Stock are called for redemption, the right to convert such shares shall cease and terminate at the close of business on the date fixed for redemption, unless default shall be made in payment of the redemption price.

(c) In case the conversion price in effect immediately prior to the close of business on any day shall exceed by 25 cents or more the amount determined at the close of business on such day by dividing:

(i) a sum equal to (A) 6,845,000 multiplied by \$6.75 (being the initial conversion price), plus (B) the aggregate of the amounts of all consideration received by the Corporation upon the issuance of Additional Shares of Common Stock, as hereinafter defined (including, without duplication in the event

of the actual receipt thereof, amounts deemed to have been received by the Corporation pursuant to the last sentence of paragraph (e) below), minus (C) the aggregate of the amounts of all dividends and other distributions which have been paid or made after December 31, 1985 on Common Stock of the Corporation, other than in cash out of its earned surplus or in Common Stock of the Corporation, by

(ii) the sum of (A) 6,845,000 and (B) the number of Additional Shares of Common Stock,

the conversion price shall be reduced, effective immediately prior to the opening of business on the next succeeding day, by an amount equal to the amount by which such conversion price shall exceed the amount so determined. The foregoing amount of 25 cents (or such amount as theretofore adjusted) shall be subject to adjustment as provided in paragraphs (i), (j), (k) and (l) below, and such amount (or such amount as theretofore adjusted) is referred to in such paragraphs as the "Differential Amount".

(d) Paragraphs (d) through (t), inclusive, of Section (7) of the terms and conditions of the A Preferred Stock are hereby incorporated in this Section (7) as if set forth in full herein as paragraphs (d) through (t), inclusive, of this Section (7).

(8) Stock to be Nonassessable. Upon issuance of any shares of C Preferred Stock, and payment to the Corporation of the stated value thereof, such shares shall be fully paid and nonassessable, and such shares of Common Stock as shall be issuable upon conversion of C Preferred Stock shall be fully paid and nonassessable when the same shall be issued.

16.5% CUMULATIVE D PREFERRED STOCK

(1) Designation. 700,000 shares of the Preferred Stock, having a par value of \$100.00 per share, of the Corporation are hereby constituted as a series of Preferred Stock, having a par value of \$100.00 per share, designated as "16.5% Cumulative D Preferred Stock" (herein called "D Preferred Stock").

(2) Dividends. The holders of shares of D Preferred Stock shall be entitled to receive, in preference to any stock junior in priority as to dividends, dividends, when and as

declared by the Board of Directors, payable in additional shares of the Corporation's D Preferred Stock at the annual rate of 0.165 shares of D Preferred Stock per share, and no more, provided that such dividends shall not be paid (but shall continue to accrue) through and including December 31, 1990, if all dividends on the Corporation's A Preferred Stock and E Preferred Stock shall not have been paid in full. The Corporation may issue scrip certificates in lieu of issuing certificates for fractional shares in connection with any dividend paid in D Preferred Stock. The dividends on shares of D Preferred Stock shall be payable quarterly on the first day of January, April, July and October in each year, commencing April 1, 1986, to holders of record on such respective dates, not exceeding 30 days preceding the payment date thereof, as may be determined by the Board of Directors in advance of the payment of each particular dividend. No dividends shall be declared on any other series or class or classes of stock ranking on a parity with the D Preferred Stock as to dividends in respect of any quarter-yearly dividend period unless there shall likewise be or have been declared on all shares of D Preferred Stock at the time outstanding like dividends for all quarter-yearly periods coinciding with or ending before such quarter-yearly period, ratably in proportion to the respective annual dividend rates per annum fixed therefor. Dividends on B Preferred Stock and C Preferred Stock and, after December 31, 1990, dividends on A Preferred Stock and E Preferred Stock shall be payable on a parity with dividends on D Preferred Stock. Dividends shall be cumulative and will accrue on each share of D Preferred Stock whether or not earned or declared, and whether or not there are from time to time funds legally available therefor, from the date of issue thereof except that dividends on shares of D Preferred Stock issued after the first date of issue of any shares of D Preferred Stock shall accrue from such first date of issue, or from the most recent dividend payment due in the case of shares issued after the initial dividend payment date. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments which may be in arrears. Dividends payable on the D Preferred Stock for any period less than a full quarter shall be computed on the basis of a 360-day year.

If in any quarter-yearly dividend period, stock dividends at the full annual rate set forth above in this Section (2) shall not have been declared and paid or set apart for payment on all outstanding shares of D Preferred Stock for such quarter-yearly dividend period and all preceding quarter-yearly dividend periods from and after the first day from which dividends are cumulative, then, until the aggregate

deficiency shall be declared and fully paid or set apart for payment, the Corporation shall not (i) declare or pay or set apart for payment any dividends or make any other distribution on the Common Stock or any other capital stock of the Corporation ranking junior to the D Preferred Stock with respect to the payment of dividends or distribution of assets on liquidation, dissolution or winding up of the Corporation (the Common Stock and such other stock being herein referred to as "Junior Stock") or (ii) make any payment on account of the purchase, redemption or other retirement of any Junior Stock, except for purchases of Junior Stock held by or for The Employee Stock Ownership Plan of Crucible Materials Corporation, The Crucible Fund for Eligible Salaried Employees of all Divisions of Crucible Materials Corporation or any employee stock ownership plan (as defined in Section 4975 of the Internal Revenue Code of 1954, as amended) for employees of the Corporation or a subsidiary of the Corporation subject to a collective bargaining agreement, or any participant therein or beneficiary thereof to the extent of any Junior Stock distributed by any of the aforementioned plans or fund, and except for purchases of Junior Stock held by [management in accordance with Colt/Management agreement].

(3) Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the D Preferred Stock upon liquidation, dissolution or winding up, the holders of the shares of the D Preferred Stock shall be entitled to receive, in cash, \$100 per share plus an amount equal to all dividends accrued and unpaid thereon to the date of final distribution to such holders, whether or not earned or declared; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the D Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payment on any other Preferred Stock ranking as to liquidation, dissolution or winding up, on a parity with the D Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of D Preferred Stock and any such other Preferred Stock ratably in accordance with the respective amounts which would be payable upon liquidation, dissolution or winding up on such shares of D Preferred Stock and any such other Preferred Stock if all amounts payable

thereon were paid in full. For the purposes of this Section (3), a consolidation or merger of the Corporation with one or more corporations shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

Subject to the rights of the holders of any series or class or classes of stock ranking on a parity with or prior to the D Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the D Preferred Stock as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the D Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the D Preferred Stock shall not be entitled to share therein.

For the purposes of this Section (3), the D Preferred Stock ranks on a parity with the A Preferred Stock, the B Preferred Stock, the C Preferred Stock and the E Preferred Stock upon liquidation.

(4) Redemption.

(a) The D Preferred Stock may not be redeemed prior to January 1, 1994. Thereafter, the Corporation, at its option, may redeem shares of the D Preferred Stock, as a whole or in part, at any time or from time to time at a redemption price of \$100 per share payable in cash, plus accrued and unpaid dividends thereon to the date fixed for redemption payable in cash (the sum of \$100 together with such accrued and unpaid dividends being referred to herein as the "Redemption Price").

(b) In the event the Corporation shall redeem shares of D Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of D Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the Redemption Price; (4) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on

the shares to be redeemed will cease to accrue on such redemption date. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the indefeasible payment of the Redemption Price) dividends on the shares of the D Preferred Stock so called for redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the Redemption Price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company having an office in the City of Pittsburgh, Pennsylvania, or the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of D Preferred Stock so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of six years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders of such shares of D Preferred Stock so called for redemption shall look only to the Corporation for payment of the Redemption Price.

Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the Redemption Price. If less than all the outstanding shares of D Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of D Preferred Stock not previously called for redemption by lot or pro rata (as nearly as may be) or by any other method determined by the Corporation in its sole discretion to be equitable. If less than all of the outstanding shares represented by any surrendered certificate are to be redeemed, a new certificate representing the unredeemed shares shall be issued without charge.

In no event shall the Corporation redeem less than all the outstanding shares of D Preferred Stock pursuant to subsection (a) of this Section (4) unless full cumulative dividends shall have been paid or declared and set apart for payment upon all outstanding shares of D Preferred Stock for all past dividend periods.

(5) Shares to be Retired. All shares of D Preferred Stock redeemed or purchased by the Corporation or converted shall be retired and cancelled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of D Preferred Stock.

(6) Voting. Except as expressly provided hereinafter in this Section (6) or as otherwise from time to time required by law, the D Preferred Stock shall have no voting rights. Whenever, at any time or times, dividends payable on the D Preferred Stock shall be in arrears in an amount equal to at least six full quarterly dividends on the D Preferred Stock at the time outstanding, the holders of the outstanding D Preferred Stock shall have the right, voting together as a class with holders of shares of all other series of Preferred Stock upon which like voting rights have been conferred and are exercisable, to elect a single director of the Corporation at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of D Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of the holders of the D Preferred Stock, the maximum authorized number of members of the Board of Directors shall automatically be increased by one and the vacancy so created shall be filled by the vote of the holders of the outstanding D Preferred Stock, together with the holders of shares of all other series of Preferred Stock, as hereinabove set forth.

Upon any termination of the right of the holders of the Preferred Stock to vote for directors as herein provided, the term of office of the director then in office elected by the holders of the Preferred Stock voting as a class shall terminate immediately. The right of the holders of this series of Preferred Stock to vote for directors shall terminate immediately upon all dividend arrearages being cured with respect to this series of Preferred Stock. If the office of any director elected by the holders of the Preferred Stock voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the holders of the series of Preferred Stock which had the right to elect such director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of

office of the director elected by the holders of the Preferred Stock shall end and the special voting powers vested in the holders of the Preferred Stock as provided in this Section (6) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to the provisions of this Section (6).

So long as any shares of D Preferred Stock remain outstanding, the consent of the holders of at least two-thirds of the shares of D Preferred Stock outstanding at the time (voting separately as a class with all other series of Preferred Stock ranking on a parity with D Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable) given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(a) The authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock (including any class or series of preferred stock) ranking prior to or on a parity with [as those terms are hereinafter defined in this Section (6)] the D Preferred Stock, except for any class or series of stock to be issued to any Future Union ESOP; or

(b) The amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Certificate of Incorporation or of these resolutions, or any merger or consolidation, which would adversely affect any right, preference, privilege or voting power of the D Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock or the creation and issuance of other series of Preferred Stock, in each case ranking on a parity with or junior to the D Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers; or

(c) The sale, transfer or lease of all or substantially all of the properties and assets of the

Corporation outside its ordinary course of business; provided, however, that nothing herein shall require the consent of the holders of the D Preferred Stock for or in respect of the creation of any mortgage, pledge or other lien upon all or any part of the assets of the Corporation.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the D Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

Any class or classes of stock of the Corporation shall be deemed to rank:

(i) prior to the D Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up to the extent that the holders of such class shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of the D Preferred Stock; and

(ii) on a parity with the D Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the D Preferred Stock, if the holders of such class and the D Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority one over the other.

The B Preferred Stock, C Preferred Stock, D Preferred Stock and E Preferred Stock shall be deemed to rank on a parity with each other for all purposes.

13.0% CUMULATIVE E PREFERRED STOCK

(1) Designation. 175,000 shares of the Preferred Stock, having a par value, of the Corporation are hereby constituted as a series of Preferred Stock, having a par value of \$100.00 per share, designated as "13.0% Cumulative E Preferred Stock" (herein called "E Preferred Stock").

(2) Dividends. The holders of shares of E Preferred Stock shall be entitled to receive, in preference to any stock junior in priority as to dividends, dividends, when and as declared by the Board of Directors, payable in additional shares of the Corporation's E Preferred Stock at the annual rate of 0.13 shares of E Preferred Stock per share, and no more. The Corporation may issue scrip certificates in lieu of issuing certificates for fractional shares in connection with any dividend paid in E Preferred Stock. The dividends shall be payable quarterly on the first day of January, April, July and October in each year, commencing April 1, 1986, to holders of record on such respective dates, not exceeding 30 days preceding the payment date thereof, as may be determined by the Board of Directors in advance of the payment of each particular dividend. No dividends shall be declared on any other series or class or classes of stock ranking on a parity with the E Preferred Stock as to dividends in respect of any quarter-yearly dividend period unless there shall likewise be or have been declared on all shares of E Preferred Stock at the time outstanding like dividends for all quarter-yearly periods coinciding with or ending before such quarter-yearly period, ratably in proportion to the respective annual dividend rates per annum fixed therefor. Dividends shall be payable on A Preferred Stock and E Preferred Stock in preference to any dividends payable on B Preferred Stock, C Preferred Stock and D Preferred Stock with respect to any period ending on or before December 31, 1990 (after which date dividends shall accrue and be payable on B Preferred Stock, C Preferred Stock and D Preferred Stock, on a parity with dividends on A Preferred Stock and E Preferred Stock). Dividends shall be cumulative and will accrue on each share of E Preferred Stock whether or not earned or declared, and whether or not there are from time to time funds legally available therefor, from the date of issue thereof except that dividends on shares of E Preferred Stock issued after the first date of issue of any shares of E Preferred Stock shall accrue from such first date of issue, or from the most recent dividend payment due in the case of shares issued after the initial dividend payment date. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments which may be in

arrears. Dividends payable on the E Preferred Stock for any period less than a full quarter shall be computed on the basis of a 360-day year.

If in any quarter-yearly dividend period, stock dividends at the full annual rate set forth above in this Section (2) shall not have been declared and paid or set apart for payment on all outstanding shares of E Preferred Stock for such quarter-yearly dividend period and all preceding quarter-yearly dividend periods from and after the first day from which dividends are cumulative, then, until the aggregate deficiency shall be declared and fully paid or set apart for payment, the Corporation shall not (i) declare or pay or set apart for payment any dividends or make any other distribution on the Common Stock or any other capital stock of the Corporation ranking junior to the E Preferred Stock with respect to the payment of dividends or distribution of assets on liquidation, dissolution or winding up of the Corporation (the Common Stock and such other stock being herein referred to as "Junior Stock") or (ii) make any payment on account of the purchase, redemption or other retirement of any Junior Stock, except for purchases of Junior Stock held by or for The Employee Stock Ownership Plan of Crucible Materials Corporation, the Crucible Fund for Eligible Salaried Employees of all Divisions of Crucible Materials Corporation or any other employee stock ownership plan (as defined in Section 4975 of the Internal Revenue Code of 1954, as amended) for employees of the Corporation or a subsidiary of the Corporation subject to a collective bargaining agreement, or any participant therein or beneficiary thereof to the extent of any Junior Stock distributed by any of the aforementioned plans or fund, and except for purchases of Junior Stock held by [management in accordance with Colt/Management agreement].

(3) Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of any series or class or classes of stock of the Corporation ranking junior to the E Preferred Stock upon liquidation, dissolution or winding up, the holders of the shares of the E Preferred Stock shall be entitled to receive, in cash, \$100 per share plus an amount equal to all dividends accrued and unpaid thereon to the date of final distribution to such holders, whether or not earned or declared; but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the

Corporation, or proceeds thereof, distributable among the holders of the shares of the E Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payment on any other Preferred Stock ranking as to liquidation, dissolution or winding up, on a parity with the E Preferred Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of E Preferred Stock and any such other Preferred Stock ratably in accordance with the respective amounts which would be payable upon liquidation, dissolution or winding up on such shares of E Preferred Stock and any such other Preferred Stock if all amounts payable thereon were paid in full. For the purposes of this Section (3), a consolidation or merger of the Corporation with one or more corporations shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

Subject to the rights of the holders of any series or class or classes of stock ranking on a parity with or prior to the E Preferred Stock upon liquidation, dissolution or winding up, upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the E Preferred Stock as provided in this Section (3), but not prior thereto, any other series or class or classes of stock ranking junior to the E Preferred Stock upon liquidation shall, subject to the respective terms and provisions (if any) applying thereto, be entitled to receive any and all assets remaining to be paid or distributed, and the E Preferred Stock shall not be entitled to share therein.

For the purposes of this Section (3), the E Preferred Stock ranks on a parity with the A Preferred Stock, the B Preferred Stock, the C Preferred Stock and the D Preferred Stock upon liquidation.

(4) Redemption.

(a) The E Preferred Stock may not be redeemed prior to January 1, 1991. Commencing January 15, 1991, the Corporation, at its option, may redeem shares of the E Preferred Stock, as a whole or in part, at any time or from time to time at a redemption price of \$100 per share payable in cash, plus accrued and unpaid dividends thereon to the date fixed for redemption payable in cash (the sum of \$100 together with such accrued and unpaid dividends being referred to herein as the "Redemption Price").

(b) In the event the Corporation shall redeem shares of E Preferred Stock, notice of such redemption shall be given

by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed, at such holder's address as the same appears on the stock register of the Corporation. Each such notice shall state: (1) the redemption date; (2) the number of shares of E Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the Redemption Price; (4) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price; and (5) that dividends on the shares to be redeemed will cease to accrue on such redemption date. Notice having been mailed as aforesaid, from and after the redemption date (unless default shall be made by the Corporation in providing money for the indefeasible payment of the Redemption Price) dividends on the shares of the E Preferred Stock so called for redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the Redemption Price) shall cease. The Corporation's obligation to provide moneys in accordance with the preceding sentence shall be deemed fulfilled if, on or before the redemption date, the Corporation shall deposit with a bank or trust company having an office in the City of Pittsburgh, Pennsylvania, or the Borough of Manhattan, City of New York, having a capital and surplus of at least \$50,000,000, funds necessary for such redemption, in trust, with irrevocable instructions that such funds be applied to the redemption of the shares of E Preferred Stock so called for redemption. Any interest accrued on such funds shall be paid to the Corporation from time to time. Any funds so deposited and unclaimed at the end of six years from such redemption date shall be released or repaid to the Corporation, after which the holder or holders of such shares of E Preferred Stock so called for redemption shall look only to the Corporation for payment of the Redemption Price.

Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the Redemption Price. If less than all the outstanding shares of E Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of E Preferred Stock not previously called for redemption pro rata (as nearly as may be). If less than all of the outstanding

shares represented by any surrendered certificate are to be redeemed, a new certificate representing the unredeemed shares shall be issued without charge.

In no event shall the Corporation redeem less than all the outstanding shares of E Preferred Stock pursuant to subsection (a) of this Section (4) unless full cumulative dividends shall have been paid or declared and set apart for payment upon all outstanding shares of E Preferred Stock for all past dividend periods.

(5) Shares to be Retired. All shares of E Preferred Stock redeemed or purchased by the Corporation or converted shall be retired and cancelled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, and may thereafter be issued, but not as shares of E Preferred Stock.

(6) Voting. Except as expressly provided hereinafter in this Section (6) or as otherwise from time to time required by law, the E Preferred Stock shall have no voting rights. Whenever, at any time or times, dividends payable on the E Preferred Stock shall be in arrears in an amount equal to at least six full quarterly dividends on the E Preferred Stock at the time outstanding, the holders of the outstanding E Preferred Stock shall have the right, voting together as a class with holders of shares of all other series of Preferred Stock upon which like voting rights have been conferred and are exercisable, to elect a single director of the Corporation at the Corporation's next annual meeting of stockholders and at each subsequent annual meeting of stockholders. At elections for such directors, each holder of E Preferred Stock shall be entitled to one vote for each share held (the holders of shares of any other series of Preferred Stock being entitled to such number of votes, if any, for each share of stock held as may be granted to them). Upon the vesting of such right of the holders of the E Preferred Stock, the maximum authorized number of members of the Board of Directors shall automatically be increased by one and the vacancy so created shall be filled by the vote of the holders of the outstanding E Preferred Stock, together with the holders of shares of all other series of Preferred Stock, as hereinabove set forth.

Upon any termination of the right of the holders of the Preferred Stock to vote for directors as herein provided, the term of office of the director then in office elected by the holders of the Preferred Stock voting as a class shall

terminate immediately. The right of the holders of this series of Preferred Stock to vote for directors shall terminate immediately upon all dividend averages being cured with respect to this series of Preferred Stock. If the office of any director elected by the holders of the Preferred Stock voting as a class becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the holders of the series of Preferred Stock which had the right to elect such director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred. Whenever the term of office of the director elected by the holders of the Preferred Stock shall end and the special voting powers vested in the holders of the Preferred Stock as provided in this Section (6) shall have expired, the number of directors shall be such number as may be provided for in the By-Laws irrespective of any increase made pursuant to the provisions of this Section (6).

So long as any shares of E Preferred Stock remain outstanding, the consent of the holders of at least two-thirds of the shares of E Preferred Stock outstanding at the time (voting separately as a class with all other series of Preferred Stock ranking on a parity with E Preferred Stock either as to dividends or the distribution of assets upon liquidation, dissolution or winding up and upon which like voting rights have been conferred and are exercisable) given in person or by proxy, either in writing or at any special or annual meeting called for the purpose, shall be necessary to permit, effect or validate any one or more of the following:

(a) The authorization, creation or issuance, or any increase in the authorized or issued amount, of any class or series of stock (including any class or series of preferred stock) ranking prior to or on a parity with [as those terms are hereinafter defined in this Section (6)] the E Preferred Stock, except for any class or series of stock to be issued to any Future Union ESOP; or

(b) The amendment, alteration or repeal, whether by merger, consolidation or otherwise, of any of the provisions of the Certificate of Incorporation or of these resolutions, or any merger or consolidation, which would adversely affect any right, preference, privilege or voting power of the E Preferred Stock or of the holders thereof; provided, however, that any increase in the amount of authorized Preferred Stock or the creation and

issuance of other series of Preferred Stock, in each case ranking on a parity with or junior to the E Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, shall not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers; or

(c) The sale, transfer or lease of all or substantially all of the properties and assets of the Corporation outside its ordinary course of business; provided, however, that nothing herein shall require the consent of the holders of the E Preferred Stock for or in respect of the creation of any mortgage, pledge or other lien upon all or any part of the assets of the Corporation.

The foregoing voting provisions shall not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of the E Preferred Stock shall have been redeemed or sufficient funds shall have been deposited in trust to effect such redemption.

Any class or classes of stock of the Corporation shall be deemed to rank:

(i) prior to the E Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up to the extent that the holders of such class shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of the E Preferred Stock; and

(ii) on a parity with the E Preferred Stock as to dividends or as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates, or redemption or liquidation prices per share thereof be different from those of the E Preferred Stock, if the holders of such class and the E Preferred Stock shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates or liquidation prices, without preference or priority one over the other.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by _____, its President, and attested by _____, its Secretary, whereby said _____ affirms, under penalties of perjury, that this Certificate is the act and deed of the Corporation and that the facts stated herein are true, this _____ day of December, 1985.

CRUCIBLE MATERIALS CORPORATION

By _____
President

Attest:

Secretary

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, made as of the _____ day of December, 1985, by and between CMC HOLDING COMPANY, INC., a Delaware corporation ("Holding"), and CRUCIBLE MATERIALS CORPORATION, a Delaware corporation ("Crucible") (Holding and Crucible being hereinafter sometimes called the "Constituent Corporations"),

WITNESSETH THAT:

WHEREAS, Crucible, as of the date hereof, has authority to issue up to _____ shares of Common Stock without par value, having a stated value of \$10.00 per share, and up to _____ shares of Preferred Stock having a par value of \$100.00 per share, including _____ shares of 13.0% Convertible Cumulative A Preferred Stock (hereinafter called "A Preferred Stock"), _____ shares of 16.5% Convertible Cumulative B Preferred Stock (hereinafter called "B Preferred Stock"), 63,000 shares of 16.5% Convertible Cumulative C Preferred Stock (hereinafter called "C Preferred Stock"), 700,000 shares of 16.5% Cumulative D Preferred Stock (hereinafter called "D Preferred Stock") and 175,000 shares of 13.0% Convertible E Preferred Stock (hereinafter called "E Preferred Stock"); and

WHEREAS, the issued and outstanding capital stock of Crucible consists of _____ shares of Common Stock, of which _____ shares are owned by Colt Industries Operating Corp, a Delaware corporation ("Operating"), and _____ shares are owned by Holding; _____ shares of A Preferred Stock, which are owned

by Operating; _____ shares of B Preferred Stock, of which [_____ shares are owned by Operating and] _____ shares are owned by Holding; and 63,000 shares of C Preferred Stock, which are owned by Holding; and

WHEREAS, Holding, as of the date hereof, has authority to issue up to _____ shares of Common Stock, without par value, having a stated value of \$10.00 per share ("Holding Common Stock"), and up to _____ shares of Preferred Stock having a par value of \$100.00 per share, including _____ shares of 16.5% Convertible Cumulative B Preferred Stock (hereinafter called "Holding B Preferred Stock"), and 63,000 shares of 16.5% Convertible Cumulative C Preferred Stock (hereinafter called "Holding C Preferred Stock"); and

WHEREAS, the issued and outstanding capital stock of Holding consists of _____ shares of Holding Common Stock and _____ shares of Holding B Preferred Stock, which are owned by The Crucible Fund for Eligible Salaried Employees of all Divisions of Crucible Materials Corporation (the "Crucible Fund"); and 63,000 shares of Holding C Preferred Stock, which are owned by Technology Metals, Inc., a Delaware corporation ("Technology Metals"); and

WHEREAS, Holding and Crucible desire to merge under and pursuant to Section 251 of the General Corporation Law of Delaware into a single corporation existing under the laws of the State of Delaware;

NOW, THEREFORE, in consideration of the covenants herein contained and intending to be legally bound, the parties hereto hereby agree as follows:

ARTICLE I

THE MERGER

1.1 General. Subject to the terms and conditions set forth herein, on the Effective Date (hereinafter defined), Holding shall merge with and into Crucible (the "Merger") with Crucible as the surviving corporation (hereinafter sometimes called the "Surviving Corporation"), the name of which shall continue to be Crucible Materials Corporation.

1.2 Board of Director Approval. The Board of Directors of each of Holding and Crucible by resolution have approved and adopted this Agreement and Plan of Merger pursuant to and in accordance with Section 251(b) of the General Corporation Law of Delaware.

1.3 Stockholder Approval. The Stockholders of the Constituent Corporations by written consent have approved and adopted this Agreement and Plan of Merger pursuant to and in accordance with Sections 251(c) and 228 of the General Corporation Law of Delaware.

1.4 Effective Date. The Merger shall become effective on the date on which this Agreement and Plan of Merger is filed with the Department of State of the State of Delaware pursuant to and in accordance with Sections 251(c) and 103(d) of the General Corporation Law of Delaware.

1.5 Effect of the Merger. Upon the Merger becoming effective, the separate existence of Holding shall cease. The corporate existence of Crucible shall continue unimpaired and as the Surviving Corporation it shall possess all the rights, privileges, powers and franchises as well of a public as of a private nature, and be subject to all the restrictions, disabilities and duties of each of the Constituent Corporations; and all and singular, the rights, privileges, powers and franchises of each of the Constituent Corporations, and all property, real, personal and mixed, and all debts due to either of said Constituent Corporations on whatever account, as well for stock subscriptions as all other things in action or belonging to each of the Constituent Corporations shall be vested in the Surviving Corporation; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectually the property of the Surviving Corporation as they were of the Constituent Corporations, and the title to any real estate vested by deed or otherwise, under the laws of Delaware, in either of the Constituent Corporations, shall not revert or be in any way impaired; but all rights of creditors and all liens upon any property of either the Constituent Corporations shall be preserved unimpaired, and all debts, liabilities and duties of the Constituent Corporations shall thenceforth attach to the Surviving Corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it, all

as provided in Section 259(a) of the General Corporation Law of Delaware. At any time or from time to time, after the Effective Date, as and when requested by the Surviving Corporation or by its successors or assigns, the last acting officers of Holding, or the corresponding officers of the Surviving Corporation, shall, in the name of Holding, execute and deliver or cause to be executed and delivered all such proper deeds, assignments and other instruments and take or cause to be taken all such further or other action as the Surviving Corporation may deem necessary or desirable in order to vest, perfect or confirm in the Surviving Corporation title to and possession of any or all of Holding's property, rights, privileges, powers, franchises, immunities and interests and otherwise to effectuate the terms of this Agreement and Plan of Merger.

1.6 Certificate of Incorporation. The Certificate of Incorporation of Crucible as in effect immediately prior to the Effective Date shall from and after the Effective Date be and remain the Certificate of Incorporation of the Surviving Corporation until thereafter amended or restated in accordance with the General Corporation Law of Delaware.

1.7 By-laws. The By-laws of Holding as in effect immediately prior to the Effective Date shall from and after the Effective Date become and remain the By-laws of the Surviving Corporation until thereafter amended or restated as provided therein.

1.8 Officers and Directors. The officers and directors of Crucible in office on the Effective Date shall remain in the same capacities as officers and directors of the Surviving Corporation until their successors have been duly elected and qualified.

ARTICLE II

CONVERSION OF SHARES

2.1 General. The manner of converting the issued and outstanding shares of the capital stock of each of the Constituent Corporations shall be as provided in this Article.

2.2 Conversion. On the Effective Date the following shall occur:

(a) Each share of Holding Common Stock issued and outstanding shall, by reason of the Merger, be converted into and become one share of the Common Stock of Crucible.

(b) Each share of Holding B Preferred Stock issued and outstanding shall, by reason of the Merger, be converted into and become one share of the B Preferred Stock of Crucible.

(c) Each share of Holding C Preferred Stock issued and outstanding shall, by reason of the Merger, be converted into and become one share of the C Preferred Stock of Crucible.

(d) Operating will retain all of its shares of the A Preferred Stock of Crucible and any shares of [the

B Preferred Stock of Crucible and] the Common Stock of Crucible held by it and such shares shall continue to be outstanding immediately after the Effective Date.

2.3 Surrender and Exchange of Stock Certificates. On the Effective Date, each of Technology Metals and the trustee for the Crucible Fund shall surrender to the Surviving Corporation any and all certificates representing shares of the capital stock of Holding, duly endorsed in blank, and shall receive in exchange therefor appropriate certificates representing the shares of the capital stock of Crucible which they are to receive under this Article.

ARTICLE III

AMENDMENT AND TERMINATION

Notwithstanding anything herein or elsewhere to the contrary, this Agreement and Plan of Merger may be amended, modified or supplemented in writing, or may be terminated in writing and the Merger provided for herein abandoned, at any time prior to the Effective Date, by mutual consent of the Boards of Directors of Holding and Crucible.

IN WITNESS WHEREOF, the duly authorized officers of each of the Constituent Corporations have executed this Agreement and Plan of Merger as of the day and year first above written.

Attest:

CMC HOLDING COMPANY, INC.

By _____

Title _____

Title _____

[Corporate Seal]

Attest:

CRUCIBLE MATERIALS CORPORATION

By _____

Title _____

Title _____

[Corporate Seal]

CONSENT AND ASSIGNMENT AGREEMENT dated
as of _____, 1985, among The
Employee Stock Ownership Plan of Crucible
Materials Holding Corporation (the
"Assignor"), Crucible Materials Corporation,
a Delaware corporation (the "Assignee"), CMC
Holding Company, Inc., a Delaware corporation
("Holding"), Colt Industries Inc, a Pennsyl-
vania corporation ("Colt"), Colt Industries
Operating Corp, a Delaware corporation
("Operating"), and Garlock Inc, an Ohio
corporation ("Garlock").

In consideration of the covenants set forth herein
and other good and valuable consideration, the receipt and
adequacy of which are hereby acknowledged, the parties
hereto agree as follows:

1. Assignor hereby assigns to Assignee all its
right, title and interest in and to Section 3 of the
Purchase Agreement (the "Purchase Agreement") dated as of
November 5, 1985, among Assignor, Holding, Colt, Operating
and Garlock. Effective as of the date hereof, Assignee
hereby assumes all the obligations and liabilities of
Assignor arising under Section 3 of the Purchase Agreement
from and after the date hereof.

2. Each of Holding, Colt, Operating and Garlock hereby consents to the foregoing assignment and assumption and further consents and agrees to release and discharge Assignor from all liabilities and obligations arising under Section 3 of the Purchase Agreement from and after the date hereof.

IN WITNESS WHEREOF, the parties hereto have hereunto executed this Consent and Assignment Agreement as of the day first above written.

THE EMPLOYEE STOCK OWNERSHIP
PLAN OF CRUCIBLE MATERIALS
CORPORATION,

By _____

CRUCIBLE MATERIALS CORPORATION,

By _____

CMC HOLDING COMPANY, INC.

By _____

COLT INDUSTRIES INC,

By _____

COLT INDUSTRIES OPERATING CORP ,

By _____

GARLOCK INC ,

By _____

Tax Procedures Agreement

THIS AGREEMENT is dated as of 1985 among CMC Holding Company, Inc., a Delaware corporation ("Holding"), Colt Industries Inc, a Pennsylvania corporation ("Colt"), Colt Industries Operating Corp, a Delaware corporation ("Operating"), Crucible Materials Corporation, a Delaware corporation ("Crucible"), Garlock Inc, an Ohio corporation ("Garlock"), and Crusteel Limited, a United Kingdom company ("Crusteel").

WHEREAS, a majority of the capital stock of Crucible and all the capital stock of Crusteel are being acquired by Holding pursuant to a Purchase Agreement dated as of 1985 (the "Purchase Agreement"), and

WHEREAS, pursuant to Section 13(a)(i) of the Purchase Agreement, the parties are to establish the procedures and basis for the determination and settlement among them of their respective liabilities for and payment of United States Federal income taxes, domestic state and local income and franchise taxes and the United Kingdom Corporation Income Tax as hereinafter set forth, and

WHEREAS, Colt, Operating, Garlock and Crucible and the other qualified domestic subsidiaries of Colt join in the filing of a consolidated United States Federal income tax return and domestic state and local income and/or franchise tax returns on a separate or consolidated, combined or unitary basis depending on the taxing jurisdictions, and

WHEREAS, Crusteel files a United Kingdom Corporation Income Tax Return,

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions:

1.01 "Colt Affiliates" means Colt and each of its worldwide subsidiaries and affiliates as they were constituted on the Effective Date or during a Prior Period, as hereinafter defined, or, where indicated by the context, one or more of such subsidiaries and affiliates.

1.02 "Colt Group" means the Colt Affiliates except for Crucible and Crusteel or, where indicated by the context, one or more affiliates of the Colt Group other than Crucible and Crusteel.

1.03 "Holding Group" means Holding, Crucible and Crusteel.

1.04 "Companies" means Crucible and/or Crusteel.

1.05 "Effective Date" means the Closing Date as defined in the Purchase Agreement.

1.06 "Prior Period(s)" means any and all tax periods from inception of each of the Colt Affiliates and ending on or before the close of business on the Effective Date.

1.07 "1985 Prior Period" means the tax period commencing on January 1, 1985 and ending on the close of business on the Effective Date.

1.08 "Taxes" means any and all United States Federal or domestic state and local income and/or franchise taxes based on or measured by a corporation's income, or its defined net worth or asset base or such similar basis apportioned or allocated to a taxing jurisdiction, or with respect to Crusteel the United Kingdom Corporation Income Tax, for any one or more Prior Periods, and provided that Taxes shall not include any taxes attributable to the transactions contemplated in the Purchase Agreement.

1.09 "Tax Returns" means any and all tax returns and filings made or required to be made by the Colt Affiliates with respect to Taxes. Tax Returns

include not only separate tax return filings for each of the Colt Affiliates, but also consolidated, combined or unitary filings in certain taxing jurisdictions (sometimes hereinafter referred to as "Combined Tax Returns").

1.10 "Tax Liability" means any and all Taxes and interest and/or penalties accruing thereon or any and all other related cost incurred in connection with the conduct of audits, the processing of claims, protests or other related actions pertaining thereto, but shall not include professional fees paid to third parties or other related expenses with respect to the preparation and filing of Tax Returns, or salaries of employees of the parties.

1.11 "Tax Matters" means any and all actions taken in respect of a Tax Return or Taxes of a Colt Affiliate attributable to a Prior Period or a subsequent period.

1.12 "U.S. Colt Affiliates" means those Colt Affiliates which are members of an affiliated group as such term is defined in Section 1504 of the Internal Revenue Code of 1954, as amended (the "Code").

1.13 "U.S. Companies" means those corporations included in the definition of Companies which are members of an affiliated group as such term is defined in Section 1504 of the Code.

2. Liability

2.01 Pursuant to the terms of the Purchase Agreement, the Colt Group will prepare a closing balance sheet for the Crucible Materials Group as defined in the Purchase Agreement as of the Effective Date (the "Closing Balance Sheet") which reflects, among other things, liability for accrued Taxes, deferred Taxes and reserves for Taxes. To the extent the Closing Balance Sheet understates or overstates the Tax Liability of the Companies for any Prior Period, the Colt Group shall be solely liable for any additional Tax Liability not reflected on the Closing Balance Sheet and the Colt Group shall be the sole beneficiary of any overstatement of Tax Liability on the

Closing Balance Sheet. The parties hereto agree to determine the Companies' Tax Liability for the 1985 Prior Period as follows:

(a) Federal Income Tax. The U.S. Colt Affiliates will file a consolidated U.S. federal income tax return for the 1985 calendar year which will include the U.S. Companies for the 1985 Prior Period and will reflect the Tax Liability of the U.S. Companies for U.S. federal income tax for the 1985 Prior Period. A separate U.S. federal income tax return will be filed by the members of the Holding Group organized in the United States for the short taxable year commencing on the day following the Effective Date. Such separate return will reflect the U.S. federal income tax liability of the Holding Group for such short taxable year.

(b) States and Localities Not Utilizing a Unitary Type System. If any state or locality requires that the Companies file a separate tax return for the 1985 Prior Period, then the Companies' Tax Liability for such state's or locality's Taxes will be determined on the basis of such tax returns filed by the Colt Group.

If any state or locality requires that the Companies file a separate tax return for the 1985 calendar year, then the Companies' 1985 Prior Period Tax Liability will be equal to the amount of tax reflected on said tax return multiplied by a fraction determined as follows: (1) if the Taxes are not solely based on or measured by a corporation's income, the Taxes reflected on said state or local tax return shall be allocated to the 1985 Prior Period by multiplying said Taxes by a fraction, the denominator of which is 365, and the numerator of which is the number of days in the 1985 Prior Period and (2) if the Taxes are based solely on or measured by a corporation's income, the amount of said Taxes multiplied by a fraction, the denominator of which is the total combined U.S. federal taxable income of the Companies for the 1985 calendar year and the numerator of which is the U.S. federal taxable income of the Companies for the 1985 Prior Period.

(c) States and Localities Utilizing a Combined or Unitary Type System. If any state or locality requires that the Colt Affiliates file

Combined Tax Returns for the 1985 calendar year, but include the Companies therein only for the 1985 Prior Period, then the Companies' Tax Liability for such state's or locality's Taxes shall be the amount of such tax reflected for the Companies on such tax return.

If any state or locality requires that the Colt Affiliates file Combined Tax Returns for the 1985 calendar year and include the Companies therein for the 1985 calendar year, then the Companies' Tax Liability for said state's or locality's Taxes with respect to the 1985 Prior Period shall be: (1) if the Combined Tax Return for the given jurisdiction requires that each legal entity in such return be included therein and determine its Tax Liability in the same manner as if it filed a separate return, then the Companies' Tax Liability with respect to the 1985 Prior Period shall be determined in accordance with Section 2.01(b) hereof and (2) if the Combined Tax Return for the given jurisdiction requires that the Tax Liability for the aggregate members included in the Combined Tax Return be determined based on an apportionment of the aggregate net taxable income of the Colt Affiliates, then the Companies' Tax Liability shall be the difference between the liability reflected on such return including the Companies and what said liability would have been if the Companies had been excluded from such return. The Companies' Tax Liability in respect of the 1985 Prior Period shall then be determined as provided in Sections 2.01 (b) and (d) hereof.

(d) United Kingdom Corporation Income Tax. The Taxes as reflected on Crusteel's Tax Return for the 1985 calendar year shall be allocated to the 1985 Prior Period by multiplying said Taxes by a fraction, the denominator of which is 365, and the numerator of which is the number of days in the 1985 Prior Period.

2.02 The Colt Group, Holding and the Companies agree that any and all tax consequences of any and all business activities taken by any one or more of Holding or the Companies after the Effective Date shall be the sole responsibility and/or benefit of Holding and the Companies. The Colt Group shall not be liable for nor benefit from any such tax consequences.

2.03(a) If any Tax Liability is ultimately resolved in favor of the Companies with no liability or a liability for a lesser amount than is reflected on the Closing Balance Sheet, then the difference between the Tax Liability reflected on the Closing Balance Sheet and the actual Tax Liability shall be for the benefit of, and paid in accordance with Section 5.01 hereof by Holding and the Companies to the Colt Group. If any Tax Liability is ultimately resolved against the Companies with a greater liability than is reflected on the Closing Balance Sheet, then the difference between the actual Tax Liability and the Tax Liability reflected on the Closing Balance Sheet shall be the liability of the Colt Group and shall be paid in accordance with Section 5.01 hereof by the Colt Group either to the Holding Group or to the appropriate taxing jurisdiction, as the Colt Group may in its sole discretion decide.

(b) If any state or local Real Property tax initially assessed by any taxing jurisdiction with respect to any Prior Period is ultimately determined by such jurisdiction to be a greater or lesser amount than such initially assessed tax, then in either event, the additional tax or refund shall be for the account of the Colt Group and shall be paid by the Colt Group or to it in accordance with Section 5.01 hereof.

2.04(a) If in respect of the purchase of the capital stock of the Companies, Holding or the Companies make an election pursuant to Section 338 of the Code, or said Section 338 is held to be applicable, then any Tax Liabilities, reports, payments or other action required or resulting from the applicability of Section 338 shall be the sole responsibility of Holding and the Companies.

(b) From time to time on or after the Effective Date, each of the members of the Colt Group or the Holding Group shall upon request from the other Group properly and timely file a Protective Carryover Election Statement under U.S. Treasury Regulation 1.338-4T(f) in respect of an acquisition made by the other Group. The Group to which such request is made shall not be required to file such a Protective Carryover Election Statement if (i) the requested Group acquired assets from the acquired

company during the consistency period as defined in Code Section 338(h)(4)(A) and (B); (ii) the requested group provides a listing of such acquired assets along with a calculation of the amount required to make the requested Group whole (resulting from the making of such an election) and, (iii) the requesting Group fails to tender the amount required to make the requested Group whole.

2.05 If a member of the Holding Group or a member of the Colt Group changes a current method of accounting or adopts a method of accounting, whether for financial or tax reporting purposes, which adversely affects the Tax Liability of any member of the other Group, then the Group whose member made such change or adoption shall jointly and severally indemnify and hold harmless the other Group from and against any resulting increase in such Tax Liability.

2.06 Any and all finally determined tax credits or tax benefits which on the Effective Date were available to the Companies in a Prior Period but due to statutory limitations upon utilization could not be used and which can be carried forward to a period subsequent to a Prior Period shall be applied for the sole benefit of the Holding Group.

2.07(a) If in any taxable year ending after the Effective Date, the Companies shall have losses, credits or deductions, including net operating or capital losses which may be carried back to a Prior Period ("Companies' Carryback Losses"), the Companies shall promptly notify Colt. Colt or a member of the Colt Group shall apply to the appropriate taxing jurisdiction as agent for the Companies to obtain the benefits of such Companies' Carryback Losses to the extent of the Companies taxable income during the carryback period. Upon receipt of any tax refund due to the Companies' Carryback Losses the Colt Group shall pay said tax refund to the Holding Group in accordance with the provisions of Section 5.01 hereof. In the event such Companies' Carryback Losses are included on a combined or consolidated basis with losses, credits or deductions, including net operating or capital losses, attributable to the Colt Group ("Colt Carryback Losses") arising in any taxable year, then unless otherwise required by statute and related

regulations, the tax refunds from the use of such losses, credits or deductions shall be allocated between the Colt Group and the Holding Group on the basis of the proportion of the Colt Carryback Losses or the Companies' Carryback Losses to the aggregate Carryback Loss.

(b) If as a result of the application of the Companies' Carryback Losses to a Prior Period, whether or not on a combined or consolidated basis with Colt Carryback Losses, there are generated losses, credits or deductions, including net operating or capital losses which may be carried forward from such prior taxable year to a Prior Period ("Companies' Carryforward Losses"), then Colt or a member of the Colt Group shall apply to the appropriate taxing jurisdiction as agent for the Colt Group and the Companies to obtain on behalf of the Companies the tax benefits of such Companies' Carryforward Losses to the extent of the taxable income of the Companies during such carryforward period. A tax refund generated by said tax benefits shall be paid to Holding as agent for the members of the Holding Group in accordance with the provisions of Section 5.01 hereof.

In the event, however, such Companies' Carryforward Losses are included on a combined or consolidated basis with losses, credits or deductions, including net operating or capital losses which may be carried forward to a Prior Period by the Colt Group (Colt Carryforward Losses) and as a result of the application of the combined or consolidated carryforward losses there are refunds obtained, then, unless otherwise required by statute and related regulations, the refunds from the use of the carryforwards shall be allocated between the Colt Group and the Holding Group on the basis of the proportion of the Colt Carryforward Losses or the Companies' Carryforward Losses to the aggregate Carryforward Losses.

(c) If as a result of the filing of claims for refund, due to the Companies Carryback Losses or the Companies Carryforward Losses, refunds are received and paid over to Holding or the Companies and subsequently members of the Colt Group are required to repay all or part of such refund because of an adjustment of such Companies' Carryback (or Carryforward) Losses then, the Companies shall make payment of such amounts either directly

to the taxing jurisdiction or to the Colt Group in accordance with Section 5.01 hereof. The Companies shall hold the Colt Group harmless and indemnify it against any such amounts Colt is required to pay (including both tax and interest).

(d) If any refund claim involves a carryback or carryforward into a Prior Period and is to be filed by the Colt Group as agent for the Companies, such claim of the Companies shall be reviewed and signed by the Companies' Independent Public Accountants and submitted for review by the Vice President of Taxes of Colt prior to the filing of such claim for refund. In the event the parties disagree as to the refund claim, and such disagreement is not resolved within 15 days of receipt of the refund claim, then such disagreement shall be referred to Arthur Andersen & Co., the Colt Group's Independent Public Accountants, or another nationally recognized firm of public accountants selected by Colt and the Companies. The decision of such public accounting firm shall be final and binding on all parties, with the force and effect of an arbitral award; and the firm rendering such decision shall have all the privileges and immunities of a neutral arbitrator. The fees of the arbitrator shall be paid one-half by Colt and one-half by the Companies.

2.08 If the resolution of a Tax Matter for a Prior Period:

(a) directly or indirectly makes any tax benefit available to the Companies for use in a period commencing after the Effective Date, the Colt Group shall be entitled to compensation at the time(s) such tax benefit is actually used by the Holding Group. The amount of compensation shall equal the difference, if any, between the taxes which would have been paid by the Holding Group determined without regard to such tax benefit and the actual tax paid by the Holding Group.

(b) directly or indirectly results in the reduction of or loss of any tax benefit available to the Companies for use in a period subsequent to Prior Periods, then the Holding Group shall be entitled to compensation at the time(s) such tax benefit would have been utilized by the Holding

Group. The amount of compensation shall equal the difference, if any, between the taxes which would have been paid by the Holding Group determined without regard to the reduction or loss of such tax benefit and the actual tax paid by the Holding Group.

(c) The Colt Group shall duly notify the Holding Group of any tax benefit available to the Companies or the reduction or loss of any tax benefit otherwise available to the Companies with respect to a tax year commencing after the Effective Date with applicable details thereof which results from the resolution of a Tax Matter. Subsequent thereto for each tax year of the Holding Group, the Holding Group shall, no later than October 31 of the following year, have its chief financial officer certify to the Colt Group with applicable details the amount of compensation as provided for in Section 2.08(a) or 2.08(b) above that one party owes to the other party and if there be none for the given year, such certification shall so state. In the event a payment pursuant to the aforesaid is payable to either party, then the provisions of Section 5.01 hereof shall apply.

3. Agency

Colt shall be the sole agent for the Companies in all Tax Matters relating to Tax Returns for all Prior Periods or to Tax Returns which cover both a Prior Period and a period thereafter and Colt or a member of the Colt Group will file all Tax Returns for such periods. Colt, as agent for the Companies, shall owe a fiduciary duty to act in the Companies' best interests with respect to all such Tax Matters. Holding and the Companies may participate in any Tax Matter relating to a Prior Period, at the expense of Holding or the Companies, but Holding and the Companies shall provide Colt with a non-revocable power of attorney to act for the Companies as provided herein.

4. Consents, Records and Information

4.01 At any time and from time to time after the Effective Date, each of the parties hereto upon request shall duly do, execute, acknowledge

and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, assignments, documents, and assurances as may be necessary or desirable to carry out the intent and purposes of this Tax Procedures Agreement which shall include, but not be limited to, providing data and documentation necessary to prepare and file complete and accurate Tax Returns, extending the time in which to file a Tax Return, the contesting by the Colt Group of any proposed or asserted change by any jurisdiction in the previously reported Tax Liability relating to any tax period which includes a Prior Period, whether at an administrative level or in a court action. Further, each party hereto upon request shall provide data and documentation then in its possession relating to taxes to permit the requesting party to prepare its Tax Returns, complete tax audits and determine Tax Liabilities for subsequent tax periods which do not include a Prior Period.

4.02 Holding and the Companies will use all reasonable efforts to notify Colt promptly of any information or event relating to the Companies which is received or has occurred after the Effective Date which might have an effect on the Tax Liability of the Companies for any Prior Period. Colt will use all reasonable efforts to notify the Companies of any event relating to the Colt Group which is received or has occurred after the Effective Date which might have an effect on the Tax Liability of the Companies for any subsequent tax periods.

4.03(a) Nothing contained in this Tax Procedures Agreement shall be interpreted to give Holding or the Companies any access to any Tax Returns, books and records, or other information relating to Colt or any member of the Colt Group, except to the extent that the need for such data and information is related to Taxes of the Companies or to the administration or interpretation of this Agreement.

(b) Nothing contained in this Tax Procedures Agreement shall be interpreted to give Colt or any member of the Colt Group access to any Tax Returns, books and records, or other information relating to the Companies, Holding or Holding affiliated companies relating to subsequent tax periods,

except to the extent that the need for such data and information is related to the Taxes of Colt or a member of the Colt Group or to the Taxes of the Companies for a taxable period which includes a Prior Period, or is necessary to properly determine the Tax Liability of such Prior Period or to the administration or interpretation of this Agreement.

5. Payments

5.01 All payments which are required to be made by one party to the other pursuant to this Agreement will be made no later than thirty days after notice of such payment is mailed to the party required to make payment. In the event of a refund, such payment and any data accompanying same will not be due until 15 days after the receipt of such refund from the taxing jurisdiction. Each notice shall set forth the basis and computation of the amount of such payment. In the event there is a disagreement between the parties in respect of a payment, notice shall be given by the party required to make the payment to the party requesting the payment within the aforesaid thirty-day period, detailing the reasons for the disagreement. Such differences if not resolved within thirty days thereafter, shall be referred to Price Waterhouse or another nationally recognized firm of public accountants selected by Colt and Holding. The decision of such public accounting firm shall be final and binding on all parties, with the force and effect of an arbitral award; and the firm rendering such decision shall have all the privileges and immunities of a neutral arbitrator. The fees of any such public accounting firm shall be paid one-half by Colt and one-half by the Companies.

In the event of a refund, if there is a disagreement between the parties as to the amount, the procedure for resolving the disagreement shall be the same as in the case of a payment.

5.02 In the event that in accordance with this Agreement the Colt Group pays a Tax Liability attributable to any period commencing after the Effective Date or the Holding Group pays a Tax Liability attributable to a Prior Period,

the party making such payment shall be entitled to reimbursement for such amount.

5.03 In the event either party hereto is required to make a payment hereunder to the other party with respect to Crusteel, such amount shall be in U.S. dollars converted from pounds sterling at the closing buying rate as reported by the Federal Reserve Bank of New York in effect on the date of payment.

6. General

6.01 All covenants and agreements of Holding, Crucible and Crusteel or any of them hereunder are made by Holding, Crucible and Crusteel jointly and severally, and all covenants and agreements of Colt, Operating and Garlock or any of them hereunder are made by Colt, Operating and Garlock jointly and severally.

6.02 All notices, requests, demands and other communications required or permitted to be given hereunder or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been duly given if delivered personally or mailed first-class, postage prepaid, registered or certified mail, addressed as follows:

If to any member of the Colt Group

Colt Industries Inc
430 Park Avenue
New York, New York 10022
Attention: Vice President, Taxes

If to Holding or the Companies

Crucible Materials Corporation
State Fair Boulevard
Syracuse, New York 13201
Attention: Chairman

Any party may change the address to which such communications are to be directed to it by giving notice to the other in the manner provided for

in this Section.

6.03 This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York, excluding the conflict of laws provisions thereof.

6.04 This Agreement shall be binding upon, and inure to the benefit of, and be enforceable by the parties hereto and their respective permitted successors and assigns.

6.05 This Agreement may be amended, modified, superseded or cancelled, only by a written instrument specifically referring to this Tax Procedures Agreement and executed by all of the parties hereto or their respective permitted successors and assigns.

6.06 Failure of any party to insist upon strict observance of or compliance with any of the terms hereof in one or more instances shall not be deemed to be a waiver of its rights to insist upon such observance or compliance with such terms in the future or with the other terms hereof.

6.07 This Agreement may not be assigned without the written consent of the other parties hereto, except by Holding to Crucible or by operation of law.

WITNESS the due execution hereof as of the day and year first above written.

CMC HOLDING COMPANY, INC.

By: _____

COLT INDUSTRIES INC

By: _____

COLT INDUSTRIES OPERATING
CORP

By: _____

CRUCIBLE MATERIALS CORPORATION

By: _____

GARLOCK INC

By: _____

CRUSTEEL LIMITED

By: _____

Form of Opinion of Kirkpatrick & Lockhart

December , 1985

Colt Industries Inc
Colt Industries Operating Corp
Garlock Inc
430 Park Avenue
New York, N. Y. 10022

Gentlemen:

We have acted as special counsel to CMC Holding Company, Inc., in connection with the transactions contemplated by the Purchase Agreement dated as of November 5, 1985 (the "Agreement") among CMC Holding Company, Inc. (the "Company"), The Employee Stock Ownership Plan of Crucible Materials Corporation, Colt Industries Inc, Colt Industries Operating Corp and Garlock Inc. This opinion is rendered to you pursuant to Section 9(g) of the Agreement. Terms used herein which are not otherwise defined are used as defined in the Agreement.

In connection with this opinion, we have examined an executed copy of the Agreement, the closing documents delivered between the Purchasers and Colt, Operating and Garlock in consummation of the transactions contemplated by the Agreement, certificates of public and Company officials and such other documents and copies of documents and such questions of law as we have deemed necessary or appropriate for the purposes of this opinion. We have assumed the

authenticity of all certificates and other documents examined by us and the conformity to the originals of all copies examined by us. We have undertaken no investigation to determine the accuracy of such certificates and documents or any facts represented therein. You are, of course, aware that while we have acted as special counsel to the Company in connection with the transactions contemplated by the Agreement, we have not heretofore acted as counsel to Crucible.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly organized and legally existing in good standing under the laws of the jurisdiction of its incorporation, with full power and authority to conduct its business as now being conducted and to own its property.

2. Each of the Colt/Purchasers Documents, the Loan Agreement, the Mellon Term Loan Agreement, the Chase Loan Agreement, the Revolver Security Agreements, the Term Loan Security Agreements, the Chase Pledge Agreement, the Pledge Assignment and the Plan of Merger has been duly authorized and approved by all necessary corporate action on the part of the Company and/or Crucible, as appropriate, and is a valid and binding obligation of the Company and/or Crucible, as the case

may be, enforceable in accordance with its terms, subject, however, to (a) the effect on enforceability of applicable bankruptcy, insolvency, moratorium, receivership, reorganization or similar laws affecting the rights of creditors generally, and (b) the effect upon enforceability of general principles of equity and the exercise of judicial discretion by a court in respect of its equitable jurisdiction.

3. The consummation of the transactions contemplated by the Colt/Purchasers Documents and the Plan of Merger will not violate any provision of the certificate of incorporation or by-laws of the Company, or, to the best of our knowledge, result in any breach of or default under, or require a consent under, any decree, mortgage, agreement, indenture or other instrument binding upon the Company.

4. After due inquiry, we have no actual knowledge of any actions, suits, claims, investigations or litigation which challenge the transactions contemplated by the Agreement.

5. The status of the shares of Crucible Series A Preferred Stock [and Crucible Series B Preferred Stock and Crucible Common Stock, if any] to be acquired by Operating under the Agreement as validly authorized and issued, fully paid and nonassessable will not be

adversely affected by consummation of the Plan of Merger.

6. The offers, sales and deliveries of shares of the capital stock of Holding to Technology Metals (and the exchange of such shares for shares of Crucible Series C Preferred Stock pursuant to the Plan of Merger) under the circumstances contemplated by the Agreement do not require (a) registration under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder or (b) registration or qualification, or other authorization, pursuant to the laws of [states to be identified], except such as has been obtained and is in effect.

7. The ESOP is an "employee stock ownership plan" within the meaning of Section 407(d)(b) of ERISA and Section 4975(e)(7) of the Code and The Citizens and Southern National Bank has been appointed as trustee of the related trust. The Holding Common Stock and Holding Series B Preferred Stock to be acquired by the Crucible Fund, the Crucible Common Stock and Crucible Series B Preferred Stock to be exchanged therefor pursuant to the Plan of Merger and the Crucible Common Stock to be acquired by the ESOP under the Agreement are in each case "qualifying employer securities"

within the meaning of Section 406 of ERISA or "employer securities" within the meaning of Section 409(1) of the Code, as the case may be, with respect to Holding, Crucible and New Crucible, each to the extent applicable. The loan represented by the ESOP Note constitutes an "exempt loan" according to Treas. Reg. §54, 4875-7(b), except that we express no opinion as to whether the loan is primarily for the benefit of the ESOP participants and their beneficiaries.

The foregoing is subject to the possible effect of laws restricting dividends or restricting redemptions or repurchases of a corporation's capital stock and laws relating to fraudulent conveyances. We express no opinion as to the following matters: (a) except as specifically set forth in paragraph 7 above, whether the transactions contemplated by the Agreement violate any provision of the Employee Retirement Income Security Act of 1974, as amended, or any other law (whether statutory or common), rule or regulation, (b) the Exchange Agreement, and (c) the perfection or priority of any lien or security interest or the state of title to any property.

Very truly yours,

Form of Opinion of Powell, Goldstein, Frazer & Murphy

December , 1985

Colt Industries Inc
Colt Industries Operating Corp
Garlock Inc
430 Park Avenue
New York, N. Y. 10022

Sale of Crucible Materials Corporation
and Crusteal Limited

Gentlemen:

We have served as counsel for The Citizens and Southern National Bank ("C&S"), not in its individual capacity but as trustee under the Crucible Materials Corporation Employee Stock Ownership Plan and of the trust relating thereto (collectively, the "Trust"), in connection with the Trust's proposed purchase of three million shares of the common stock of Crucible Materials Corporation pursuant to the terms of the Purchase Agreement dated November 5, 1985, among CMC Holding Company, Inc., the Trust, Colt Industries Inc, Colt Industries Operating Corp, and Garlock Inc. C&S serves as trustee of the Trust pursuant to the terms of the Crucible Materials Corporation Employees Stock Ownership Trust.

In connection with the purchase, the Trust will sign a Purchase Agreement, a promissory note (the "ESOP Note") in the amount of thirty million dollars

(\$30,000,000.00) made payable to Crucible Materials Corporation, a pledge agreement under which the Trust will pledge to Crucible Materials Corporation the shares of common stock of Crucible Materials Corporation which the Trust will purchase (the "Pledge Agreement") and a Consent and Assignment Agreement (the "Assignment") pursuant to which the Trust will assign all of its rights, title and interest in and to Section 3 of the Purchase Agreement to Crucible Materials Corporation.

You have requested our opinion pursuant to Paragraph 9(h) of the Purchase Agreement with regard to certain matters pertaining to the Trust. In connection with our preparation of the opinion, we have examined and are familiar with either the originals or copies identified to our satisfaction to be copies of the documents described in the paragraph above and we have made such other investigation as we have deemed appropriate in order to furnish the opinion set forth below.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as original documents and the conformity to the original documents of all documents submitted as photostatic copies. As to questions of fact relevant to our opinion, where those facts were not immediately verified by us, we

have relied, to the extent we deem proper, upon the representation of officers of C&S.

Based upon the foregoing, we are of the opinion that:

1. The Purchase Agreement, the ESOP Note, the Pledge Agreement and the Assignment have been duly authorized and approved by all necessary action on the part of the Trust and each is or will be upon execution and delivery in accordance with the terms thereof a valid and binding obligation of the Trust, enforceable in accordance with its terms, except (i) that enforceability is subject to the effect of bankruptcy, insolvency, reorganization, moratorium, receivership, or other similar laws now or hereafter in effect relating to creditors' rights generally, and (ii) that the remedies of specific performance and injunctive and other forms of equitable relief are subject to certain equitable defenses and to the discretion of the court before which any proceeding therefore may be brought.

2. The consummation of the transactions contemplated by the Purchase Agreement, the ESOP Note, the Pledge Agreement and the Assignment will not violate any provision of the governing instruments of the Trust or result in any breach or default or require any

consent under any decree, mortgage, agreement, indenture or other instrument binding upon the Trust.

3. After due inquiry, we have no actual knowledge of any actions, suits, claims, investigations or litigation which challenge the transactions contemplated by the Purchase Agreement.

This opinion is directed only to Colt Industries Inc, Colt Industries Operating Corp and Garlock Inc in response to their request and has not been prepared for use or reliance by any other party.

Very truly yours,

POWELL, GOLDSTEIN, FRAZER &
MURPHY

Certain Transaction Expenses

100% of the reasonable fees and expenses of:

- American Appraisal Associates, Inc.
- Kirkpatrick & Lockhart
- Reed Smith Shaw & McClay
- Schiff Hardin & Waite
- Powell, Goldstein, Frazer & Murphy
- Hoolihan, Lokey, Howard & Zukin Inc.
- William M. Mercer-Meidinger, Inc.
- Peat, Marwick, Mitchell & Co.
- The Wyatt Company
- Mellon Bank, N.A., and Mellon Financial Services Corporation
- The Citizens and Southern National Bank
- The Chase Manhattan Bank, N.A.
- Milbank, Tweed, Hadley & McCloy
- [Local counsel for mortgages.]
- Key Trust Company
- A.G. Edwards & Sons, Inc.
- Peper, Martin, Jensen, Maichel and Hetlage

50% of the reasonable fees and expenses of:

- Price Waterhouse & Co.

November 5, 1985

List of Schedules

<u>Schedule</u>	<u>Title</u>	<u>Agreement, Section</u>
A	Listing of the Companies, Including Jurisdiction of Incorporation, Jurisdictions of Qualification, Capitalization	5(b)
B	Real Property; Personal Property Title Exceptions	5(g); 5(f)
C	Loans, Credit Agreements & Capitalized Lease Obligations; Guarantees	5(j)
D	Litigation, Orders, Stipulations & Decrees	5(k)
E	Product Warranty & Product Liability Matters	5(l)
F	Terminated Operations	5(m)
G	Employee Benefit Plans	6(a)
H	Industrial Development Bonds	7(d)
I	List of Employees of Colt Who Will Become Employees of New Crucible	6(f)
J	List of Employees Participating in the Crucible Salaried Plans Who Will Be Employees of Colt or a Subsidiary Following the Closing	6(f)
K	Certain Environmental Matters	5(q)

Because of overlaps in information called for by these schedules, each item disclosed in any single schedule is hereby deemed referred to by reference and incorporated in every other schedule. The disclosure on any schedule of additional information not required to be disclosed on the schedule shall not mean that all additional information of such type is listed thereon.

November 5, 1985

Schedule A

Listing of the Companies, Including
Jurisdiction of Incorporation,
Jurisdictions of Qualification, Capitalization
[Agreement, Section 5(b)]

Crucible

Jurisdiction of Incorporation: Delaware

Jurisdictions in which Qualified:

Alabama	Minnesota
California	New Jersey
Georgia	New York
Illinois	North Carolina
Indiana	Ohio
Kentucky	Pennsylvania
Massachusetts	Texas
Michigan	West Virginia
	Wisconsin

Authorized Shares: 1,000 Shares Common Stock par value \$1 per share

Issued & Outstanding Shares: 1,000 Shares Common Stock par value \$1 per share

Treasury Shares: None

Crusteel

Jurisdiction of Incorporation: United Kingdom

Jurisdictions in which Qualified:

None

Authorized Shares: 10,000 Shares Common Stock par value 1£ per share

Issued & Outstanding Shares: 10,000 Shares Common Stock par value 1£ per share

Treasury Shares: None

November 5, 1985

Schedule B

Real Property; Personal Property Title Exceptions
[Agreement, Section 5(g); 5(f)]

Real Property

Crucible

1. Specialty Metals Division (warehouse)
1101 Avenue H East
Post Office Box 5248
Arlington, Texas 76011
2. Specialty Metals Division (warehouse)
Post Office Box 149
St. Mark Street
Auburn, Massachusetts 01501
3. Trent Tube Division (plant)
Carrollton Operation
141 Hammonds Street
Carrollton, Georgia 30117
4. Specialty Metals Division (warehouse)
22400 So. Lucerne Street
Carson, California 90749
5. Specialty Metals Division (warehouse)
321 West 32nd Street
Post Office Box 21128
Charlotte, North Carolina 28206
6. Trent Tube Division (warehouse)
4551 West Armitage Avenue
Chicago, Illinois 60639
7. Trent Tube Division (plant)
2188 S. Church Street
East Troy, Wisconsin 53120
8. Magnetics Division (plant)
Post Office Box 100
Route 2 - U.S. 62
Elizabethtown, Kentucky 42701
(A portion of the property is leased
pursuant to the capital lease
identified at Schedule C(b)(6))

9. Specialty Metals Division (warehouse)
Post Office Box 554
25 Greenbrook Road
Fairfield, New Jersey 07007-0554
10. Specialty Metals Division (plant)
State Fair Boulevard
Syracuse, New York 13201
11. Specialty Metals Division (warehouse)
105 S. Keystone
Indianapolis, Indiana 46201
12. Crucible Compaction Metals Operation (plant)
R.D. No. 1
McKee & Robb Hill Road
Oakdale, Pennsylvania 15071
(A portion of the property is leased
pursuant to the capital lease identified
at Schedule C(b)(2))
13. Research Center
Post Office Box 88
Parkway West & Route 60
Pittsburgh, Pennsylvania 15230
14. Specialty Metals Division (warehouse)
3500 Crane Center Drive
Streetsboro, Ohio 44240
15. Specialty Metals Division (warehouse)
1201 Piedmont
Troy, Michigan 48084
16. Specialty Metals Division (warehouse)
10555 Taconic Terrace
Cincinnati, Ohio 45215
17. Specialty Metals Division (warehouse)
281 Dunlop Boulevard
Madison, Alabama 35758
(All of the property is leased
pursuant to the capital lease identified
at Schedule C(b)(4))
18. Thornberry Condominium
755 Windvue Drive
Unit 236-B
Pittsburgh, Pennsylvania 15205

Crusteel

None

Personal Property Liens & Encumbrances

Crucible

1. Financing Statement filed on December 6, 1982 with the Secretary of State of Wisconsin under File No. 636524 by VDM Technologies Corp. in connection with a Consigned Stock and Warehouse Agreement, dated September 30, 1982, entered into by the Trent Tube Division. The consignment arrangement has been terminated but VDM Technologies Corp. is apparently no longer in business.
2. Financing Statement filed with the Secretary of State of Georgia by ACRS Leasing of Irvine, CA, Secured Party, with Walter Heller Western as Assignee, covering office equipment leased to the Trent Tube Division in Carrollton, Georgia, for a term of 39 months commencing on September 6, 1983.
3. Financing Statement filed by General Systems Corporation, Secured Party, with the Central Trust Company as Assignee, covering a lease of electronic data processing equipment with Magnetics Division in Elizabethtown, Kentucky, for a term of 36 months commencing December 5, 1983.

Crusteel

None.

November 5, 1985

Schedule C

Loan or Credit Agreements & Capitalized Leases; Guarantees
[Agreement, Section 5(j)]

Crucible

(a) Loan or Credit Agreements:

None.

(b) Capitalized Lease Obligations:

(1) Amendatory and Restated Lease Agreement, dated as of June 1, 1978 between the Onondaga County Development Agency and Colt Industries Inc ("Colt"), with respect to Series 1978 pollution control bonds, subleased to Crucible Materials Corporation ("Crucible"), on October 3, 1983.

(2) Amendatory and Restated Lease Agreement, dated as of June 1, 1978, between Allegheny County Industrial Development Authority and Colt, with respect to Series 1978 revenue bonds, subleased to Crucible, on October 3, 1983.

(3) Lease Agreement, dated as of September 15, 1980 between the City of Elizabethtown, Kentucky and Colt with respect to Series 1980 revenue bonds, subleased to Crucible on October 3, 1983.

(4) Lease Agreement, dated as of September 15, 1980, between the Industrial Development Board of Huntsville, Alabama and Colt, with respect to Series 1980 revenue bonds, subleased to Crucible on October 3, 1983.

(5) Lease Agreement, dated as of September 15, 1980, between the Onondaga County Industrial Development Authority and Colt, with respect to Series 1980 pollution control bonds, subleased to Crucible on October 3, 1983; and

(6) Contract of Lease and Rent, dated January 19, 1965, and Contract of Lease, dated January 19, 1965, both between the City of Elizabethtown, Kentucky and Crucible Steel Company of America, assigned to Crucible on October 3, 1983.

(c) Guarantees of Obligations of Colt or Its Subsidiaries:

None.

Crusteel

(a) Loan or Credit Agreements:

(1) Mellon Bank, N.A. and Barclays Bank PLC £600,000 credit facility from each bank - letter from Mellon Bank to Crusteel, dated June 29, 1984; letter from Barclays Bank to Crusteel, dated June 25, 1984, Debenture and Charge, dated October 19, 1978. [Crusteel proposes to increase to £1,500,000]

(b) Capitalized Lease Obligations:

The leases referred to below are capitalized for U.S. financial accounting purposes.

(1) Lease between Sun Life Assurance Company (assigned by FPA Finnegan Limited) and Crusteel Limited relating to Unit No. 8 Rutland Road Industrial Estate in the City of Sheffield, for a term of 35 years (less 10 days) from January 1, 1973.

(2) Lease between Sun Life Assurance Company (assigned by Artagen Properties Limited) and Crusteel Limited relating to land adjoining Unit No. 8 Rutland Road Industrial Estate in the City of Sheffield, for a term of 35 years (less 10 days) from January 1, 1973.

(c) Guarantees of Obligations of Colt or Its Subsidiaries:

None.

November 5, 1985

Schedule D .

Litigations & Claims
of \$10,000 or More
[Agreement, Section 5(k)]

Crucible

A. Crucible Magnetics Division

1. Claims for damage to approximately 900 automobiles sprayed with paint by an outside contractor performing repair work in July, 1984 painting three storage silos at the Crucible Magnetics Division plant in Elizabethtown, Kentucky, might be asserted against Crucible. One claim for compensatory damages of \$1000 has been filed (Connie P. Moore v. Colt Industries FMC, Crucible Magnetics Division, District Court of Hardin County, Small Claims Division, Case No. 855-130).

B. Crucible Compaction Metals Operation ("CCMO")

1. I. R. Toulouse, Admin. of Estate of J. D. Toulouse v. Autoclave Engineers and Battelle Memorial Institute v. Crucible, Allegheny County Court of Common Pleas, GD81-34411
 - (a) Wrongful death action arising from death of CCMO employee which occurred inside autoclave vessel. CCMO is third-party defendant to Battelle on basis of indemnification provision in contract between Battelle and CCMO for purchase of the autoclave vessel. Battelle has settled the main complaint for \$113,000 and the complaint and third party complaint have been dismissed. Battelle may commence an action for indemnification against Crucible within two years of the date of its payment.
 - (b) Relief Sought - Compensatory damages in excess of \$10,000 and punitive damages in an unspecified amount
 - (c) Insurance - \$6,000,000 primary and first layer of excess, per occurrence and in the aggregate, \$500,000 deductible; insurer has reserved its rights as to punitive damages

(d) Counsel - Avrum Levicoff, Esq.
Egler, Anstandig, Garrett & Riley
The Lawyers Building
428 Forbes Avenue
Pittsburgh, PA
(412) 281-9810

2. Burnes v. Duff-Norton Company, Inc., et al., Allegheny
County Court of Common Pleas, G.D. 84-23018

(a) Claim for damages for personal injuries sustained
by plaintiff while operating a hoist during
installation of a crane at Crucible Compaction
Metals Operation.

(b) Relief Sought - Compensatory damages in excess of
\$20,000.

(c) Insurance - \$6,000,000 primary and first layer of
excess, per occurrence and in the aggregate,
\$500,000 deductible.

(d) Counsel - Avrum Levicoff, Esq.
Egler, Anstandig, Garrett and Riley
2100 Lawyers Building
Pittsburgh, PA 15219
(412) 281-9810

3. Citation and Notification of \$9,000 penalty issued by
Occupational Safety and Health Administration ("OSHA")
on August 12, 1985 concerning Atomizer Department.

C. Crucible Research Center

1. J. Connors, T. Leslie, R. Orekowski & R. Windsheimer v.
Crucible Inc, U.S. District Court for the Western
District of Pennsylvania, Case No. 84-1109

(a) Suit alleging age discrimination in termination of
plaintiffs' employment

(b) Relief Sought - Reinstatement of employment with
back pay; lost pension benefits; liquidated
damages equal to monies lost (subject to doubling
if discrimination is held willful) plus attorneys'
fees and costs: and injunction prohibiting
further alleged discrimination

(c) Insurance - None

(d) Counsel - Patrick W. Ritchey, Esq.
Reed Smith Shaw & McClay
Union Trust Building
Pittsburgh, PA
(412) 288-3131

Subject to the indemnity provided in Section 13(a)(iv)
of the Purchase Agreement, dated November 5, 1985.

2. J. Connors, T. Leslie, R. Orekowski & R. Windsheimer v.
Crucible Steel, Equal Employment Opportunity Commission
Charge Nos. 034-850992, 034-850999, 034-850998,
034-850997.

(a) Charges alleging reverse sex discrimination and
retaliation for having filed an age discrimination
suit by failing to rehire or recall the charging
parties.

(b) Relief Sought - Unspecified

(c) Insurance - None

(d) Counsel - Patrick W. Ritchey, Esq.
Reed Smith Shaw & McClay
Union Trust Building
Pittsburgh, PA
(412) 288-3131

Subject to the indemnity provided in Section 13(a)(iv)
of the Purchase Agreement, dated November 5, 1985.

D. Trent Tube Division

1. Specter Red Ball, Inc. et al. v. A & M Trading Co.,
Inc, et al., United States Bankruptcy Court, Western
District of Texas, Case Nos. 5-82-00329-T and
5-84-0504-T.

(a) Claims against Trent Tube Division for freight
bills allegedly unpaid or freight misdescribed

(b) Relief Sought - Approx. \$95,000 and \$1,953

(c) Insurance - None

(d) Counsel - Nancy Reyes, Esq.
McCannish, Ingram, Martin & Brown
900 Milam Building
East Travis at Soledad
San Antonio, TX 78205
(512) 225-5500

Michael Golightly, Esq.
Kline & Kline
106 S. St. Mary's Street
One Alamo Center
San Antonio, TX 78205

2. Maislin Industries, U.S., Inc. et al. v. Colt Ind., Inc., Crucible Inc. and Trent Tube Div. Bankruptcy Case No. 83-03161-W; Adversary Case No. 85-0771, U.S. Bankruptcy Ct. E.D. Mich. S.D.

(a) Suit to collect charges for transportation service furnished by plaintiff.

(b) Relief Sought - \$1,425.55

(c) Insurance - None

(d) Counsel - Sidney Berman, Esq.
Fischer, Franklin, Ford, Simon & Hogg
1700 Guardian Bldg.
Detroit, MI 48266

E. Crucible Specialty Metals Division

1. Frazier Industrial Co., Inc. v. Crucible, Inc., NY Supreme Court, Onondaga County

(a) Suit for breach of contract for failure to pay for goods sold and counterclaim for defective goods.

(b) Relief Sought - \$64,877.17, plus interest from August 4, 1976 by plaintiff and \$135,000 by Crucible on counterclaim

(c) Insurance - None

(d) Counsel - Paul M. Hanrahan, Esq.
Hancock & Estabrook
One Mony Plaza
100 Madison Street
Syracuse, NY
(315) 471-3151

2. L. McCabe v. Crucible Inc, New York State Division of Human Rights (Case No. E-S-60396-78E)

(a) Sex and disability discrimination complaint, including class allegations, for failure to hire for mill job because of plaintiff's size, weight and sex

- (b) Relief Sought - To require Crucible to hire complainant and pay back wages to date of employment application and for class relief
 - (c) Insurance - None
 - (d) Counsel - David Larrison, Esq.
Hancock & Estabrook
One Mony Plaza
100 Madison Street
Syracuse, NY
(315) 471-3151
3. Reaves v. Crucible, United States District Court for the Northern District of New York (Civil Action No. 81-CV-544)
- (a) Claim for allegedly wrongful discharge based on racial discrimination
 - (b) Relief Sought - Back pay, reinstatement and attorneys fees
 - (c) Insurance - None
 - (d) Counsel - David E. Peebles, Esq.
Hancock & Estabrook
One Mony Plaza
100 Madison Street
Syracuse, NY
(315) 471-3151
4. R. Reynolds and G. Reynolds v. A. C. Towne Corp. and Pullman Inc. v. Crucible, New York Supreme Court, Onondaga County
- (a) Action for damages for personal injury. Plaintiff, an employee of Crucible, was injured when railing gave way. Plaintiff sued Towne Corp., the manufacturer of the railing, and Pullman, Inc., the contractor which installed the railing. Towne Corp. filed third-party complaint against Crucible alleging sole custody of the premises and negligence in failing to inspect and post warnings and safety devices.
 - (b) Relief Sought - \$1,000,000 compensatory damages and \$10,000,000 punitive damages
 - (c) Insurance - \$2,000,000 excess per occurrence and in the aggregate; \$500,000 deductible; insurer reserves its rights regarding punitive damages

(d) Counsel - Paul M. Hanrahan, Esq.
Hancock & Estabrook
One Mony Plaza
100 Madison Street
Syracuse, NY
(315) 471-3151

5. Silver v. Randall Electric Inc.; Perkins v. Randall Electric Inc.; Randall Electric Inc. v. Crucible, New York Supreme Court, Onondaga County

- (a) Suit for damages by Crucible employees injured in the course of construction work being performed at Syracuse plant by Randall Electric. Crucible took over defense of the suit from Randall Electric and third-party complaint by Randall was dismissed.
- (b) Relief Sought - \$250,000 compensatory damages and \$600,000 punitive damages in each case
- (c) Insurance - \$2,000,000 excess per occurrence and in the aggregate; \$500,000 deductible; insurer reserves its rights regarding punitive damages
- (d) Counsel - Paul M. Hanrahan, Esq.
Hancock & Estabrook
One Mony Plaza
100 Madison Street
Syracuse, NY
(315) 471-3151

6. Thomas v. Crucible, New York Supreme Court, Onondaga County

- (a) Suit for personal injury by employee of Higgins Erectors injured while performing work at Syracuse plant. Defense of this suit was tendered to and accepted by Utica Mutual Insurance Co. on the basis of the indemnity provision in Crucible's contract with Higgins Erectors.
- (b) Relief Sought - \$500,000 compensatory damages
- (c) Insurance - See (a) above
- (d) Counsel - David S. Howe, Esq.
Hancock & Estabrook
One Mony Plaza
100 Madison Street
Syracuse, NY
(315) 471-3151

7. Stora Kopparberg Corporation & Uddeholm Steel Corporation v. Crucible Inc., (Civil Action No. 74-1062) and Crucible Inc. v. Stora Kopparbergs AB and Uddeholms AB (Civil Action No. 74-917) United States District Court for the Western District of Pennsylvania

- (a) Stora's claim is to invalidate two Crucible patents relating to powder-metallurgy produced high speed steel and for alleged antitrust violations as a result of patent misuse and Crucible's claim is for infringement of the two patents. On October 11, 1984, the Court entered a judgment holding the Crucible patents valid and infringed and issued an injunction against continued infringement. The injunction was stayed until March 12, 1985, when the stay was lifted. Stora has appealed to the Court of Appeals for the Federal Circuit. In addition, on April 19, 1985, Crucible filed a motion for summary judgment dismissing the antitrust counts in the Stora complaint.
- (b) Relief Sought - Crucible seeks an injunction and damages and Stora seeks a declaration of invalidity and antitrust damages.
- (c) Insurance - None
- (d) Counsel - Ford F. Farabow, Jr., Esq.
Finnegan, Henderson, Farabow, Garrett & Dunner
1775 K Street, N.W.
Washington, DC
(202) 293-6850

8. W. E. Smith v. Enerpac, Crucible, et al., Philadelphia County, Court of Common Pleas, Case No. 6907

- (a) Claim for damages for personal injury sustained when plaintiff was operating a hydraulic press.
- (b) Relief Sought - Compensatory damages in excess of \$20,000.
- (c) Insurance - \$6,000,000 primary and first layer of excess per occurrence and in the aggregate, \$500,000 deductible.

(d) Counsel - Austin Hogan, Esq.
White & Williams
17th Floor
1234 Market Street
Philadelphia, PA 19107
(215) 854-7000

9. The Pension Agreement between Crucible Materials Corporation, Specialty Metals Division - Syracuse and United Steelworkers of America v. V. M. Black and V. Black, U.S. District Court for the Northern District of New York (Case No. 81-CV-1570)

(a) Interpleader Action to resolve conflicting claims of two wives for surviving spouse pension benefits.

(b) Relief Sought - Determination of proper party entitled to pension plan benefits.

(c) Insurance - None.

(d) Counsel - David E. Peebles, Esq.
Hancock & Estabrook
One Mony Plaza
Syracuse, New York 13202
(315) 471-3151

10. Barbara A. Seigle v. Crucible, N.Y. State Division of Human Rights, Complaint No. 5-E-S-85-102222E.

(a) Complaint alleging sex discrimination in failure to recall. On May 30, 1985, the Division of Human Rights determined that there was no probable cause to believe defendant had engaged in unlawful discrimination. Plaintiff has filed a notice of appeal.

(b) Relief Sought - Reinstatement of employment with back pay.

(c) Insurance - None

(d) Counsel - Frank A. Hunter, Esq.
Crucible Research Center
Parkway West & Route 60
Pittsburgh, PA 15230

11. Letter, dated February 6, 1985, has been received from Gene Zamler, Esq., Bockoff & Zamler, Southfield, Michigan representing Diane Chapman, a visitor at the Troy, Michigan warehouse of the Specialty Metals

Division, with respect to injuries allegedly sustained by Ms. Chapman while on the premises.

12. Claim letter, dated May 22, 1985, from Thaddeus B. Oot and Associates, a law firm representing Kenneth O'Neil claiming on behalf of Mr. O'Neil compensation for lost time due to injuries allegedly sustained while unloading a truck owned and operated by the Specialty Metals Division. Mr. O'Neil was a leased driver provided to the Division by Pen Truck Aids, Inc.
13. On May 28, 1985, Mr. Lloyd Sing, Jr., an employee of Anderson Truck Service was killed while unloading steel bars from a truck at the Minneapolis Warehouse of the Specialty Metals Division. A report of the accident has been forwarded to the insurance carrier, Aetna Casualty Co.
14. Crucible Materials Corporation v. Urban-Snow Gas Co., Inc. and Roy L. Urban, Sr., U.S. District Court for the Northern District of Texas, Dallas Div., CA-85-0033-G.
 - (a) Action for damages for breach of contract and fraud.
 - (b) Relief sought - Compensatory damages of \$475,089.86; punitive damages of \$750,000; an order that defendants be required to perform their contract obligations; an order removing Urban-Snow Gas Co. as operator of the gas properties in question.
 - (c) Insurance - Not applicable
 - (d) Counsel - Drew Heard, Esq.
Shank, Irwin & Conant
4100 Thanksgiving Tower
1601 Elm Street
Dallas, TX 75201
(214) 720-9600
15. Crucible Inc, Specialty Metals Division v. Tri-Cities Tool & Die Co., Inc., Fairfield County, Alabama Circuit Court
 - (a) Action to recover an open account.
 - (b) Relief sought - Damages of \$11,315.09.
 - (c) Insurance - Not applicable.

- (d) Counsel - Judy K. Carter, Esq.
Legal Clinic of Thomas M. Semmes, P.C.
1412 Leighton Avenue
Anniston, Alabama 36201
(205) 236-7355

Crucible Fund

1. Francis Werchinski v. Crucible Fund, Small Claims Court, Syracuse, New York, Index No. 1317/85.

- (a) Claim for loss of bank interest on distribution to the Plaintiff from Crucible savings plan for the period from July 1, 1985 through August 12, 1985.
- (b) Relief sought - Monetary damages of \$1,500 together with costs and disbursements.
- (c) Insurance - None
- (d) Counsel - Paul M. Hanrahan, Esq.
Hancock & Estabrook
One Mony Plaza
100 Madison Street
Syracuse, NY
(315) 471-3151

Associate Counsel - William H. Powderly, Esq.
Reed Smith Shaw & McClay
Two Mellon Bank Center
Pittsburgh, PA 15219-4407
(412) 288-3131

Crusteel

1. Crusteel Ltd. v. Inland Revenue

- (a) This is a pending tax proceeding of Crusteel Ltd. within the Inland Revenue Service respecting the characterization of foreign exchange loss deductions claimed in 1976 and 1978. The issue is whether the foreign exchange loss is an ordinary loss which would be deductible as an ordinary business item, or a capital loss which would not be deductible at all.

(b) Amounts in Dispute:
 1976 loss £ 204,000
 1978 loss 38,000
 1980 gain (4,000)
 £ 238,000 x 52% = £ 124,000
 Certificate of Tax Deposit 106,500
 Exposure plus Interest £ 18,000

(c) Insurance - None

(d) Counsel - Instructing Solicitors
Frere Cholmeley
 28 Lincoln's Inn
 Fields,
 London WC2A 3HH

Barrister
Francis J. Brennan
 Gray's Inn Chambers
 Gray's Inn
 London WC 1

Auditors
Arthur Andersen & Co. (Arthur Hunking)
 1 Surrey Street
 London WC2R 2PS

Outstanding Orders,
 Decrees or Stipulations

Crucible

1. Final Judgment in United States of America v. RMI Company, et al., U.S. District Court for the Eastern District of New York, Civil Action No. 81-4177, dated October 9, 1984.
2. Final Judgment in United States of America v. RMI Company, et al., U.S. District Court for the Western District of Pennsylvania, Civil Action No. 78-1108, dated July 29, 1980.
3. Final Judgment in United States of America v. Allegheny Ludlum Steel Corporation, et al., U.S. District Court for the District of New Jersey, Civil No. 4583, dated October 25, 1948.
4. Order to Cease and Desist In the Matter of American Iron & Steel Institute, et al., United States of America Before Federal Trade Commission, Docket No. 5508, dated August 10, 1951.

Crusteel

None.

November 5, 1985

Schedule E

Product Warranty Litigations &
Product Liability Claims
[Agreement, Section 5(1)]

Crucible

A. Crucible Specialty Metals Division

1. Duff v. Summa Corp., Hughes Helicopters Inc., Thoroughbred Helicopter Services Inc., Mayville Gear Mfg. Co. and Crucible Inc., Perry County, Kentucky Circuit Court, Civil Action No. 81-C1-398
 - (a) Suit for wrongful death arising out of a helicopter accident, alleging Crucible sold defective Hy-Tuf steel to Mayville, who manufactured a shaft therefrom which was then sold to Hughes, who manufactured and sold the helicopter to Thoroughbred
 - (b) Relief sought - compensatory damages of \$10,000,000 and punitive damages of \$10,000,000
 - (c) Insurance - \$500,000,000 primary per occurrence and annual aggregate, no deductible; insurer reserves its rights regarding punitive damages
 - (d) Counsel - Fred J. Meier, Esq.
Kern, Wooley & Maloney
10920 Wilshire Boulevard
Los Angeles, California
(213) 824-1777
2. Materials Research Laboratory, Inc. v. Colt Industries - Crucible Specialty Metals Division and Calumet Heat Treating Corporation, Cook County, Illinois Court of Common Pleas, 85M1-077311.
 - (a) Action for breach of warranty with respect to a steel product sold to plaintiff.
 - (b) Relief sought - Compensatory damages of \$3,006.99 plus costs of suit.
 - (c) Insurance - None.

(d) Counsel - M. Jayne Rizzo, Esq.
Wildman, Harrold, Allen & Dixon
One IBM Plaza
Chicago, IL

B. Trent Tube Division

1. Claim, asserted by Union Carbide Corporation, by letter, dated May 30, 1984, against the Trent Tube Division for alleged defective tubing. Union Carbide seeks reimbursement of expenses incurred in the amount of \$71,250.00, plus replacement at Trent Tube's expense of 198 allegedly defective tubes.
2. Claim, asserted by E. I. duPont de Nemours & Company in a letter, dated March 27, 1985, to McJunkin Corporation, a Trent Tube Division distributor, for labor and overhead costs totalling \$60,000 for removing and refabricating allegedly defective pipe manufactured by the Trent Tube Division. A letter rejecting this claim, dated May 22, 1985, has been forwarded to McJunkin.
3. Claim asserted by Wellman Thermal Systems Corporation in a letter dated June 7, 1985, to Tube Sales, a Trent Tube Division customer, rejecting as defective and reserving all rights with respect to Hastelloy X tubing used by Wellman to manufacture thermocouples for General Electric for use in military aircraft engines. Trent Tube has offered to settle with Tube Sales by providing 56,000 feet of replacement tubing at Trent Tube's cost in exchange for a release.

Crusteel

1. Dannisforge Engineering Ltd. has asserted a claim that steel sold to it by Crusteel was defective. Dannisforge is seeking damages of approximately £20,000 and Crusteel is seeking payment for a second shipment of steel by it to Dannisforge while waiting for an independent report on whether the first shipment was defective. The parties disagree over the conclusions of the report. The claim is not insured. Crusteel would seek to recover any loss from its supplier, under its warranty. Crusteel's solicitor is the firm of Irwin Mitchell, Belgrave House, Bank Street, Sheffield, S1 1WE, England (Mr. Peter Wild).
2. Senior & Dickson (Toolmakers) Ltd. has asserted a claim that steel sold to it by Crusteel and manufactured by it into a tool was defective and seeking consequential damages of approximately £100,000 based on its customer's alleged loss of production. The claim is covered by insurance of £250,000 per claim and in the aggregate for the policy

period of December 31, 1982 - December 30, 1983, subject to a deductible of £5,000 per loss, but limited to £20,000 in the aggregate. Crusteel would seek to recover any loss within the deductible amount from its supplier. Crusteel's solicitor - Irwin Mitchell (Mr. R. Steer).

November 5, 1985

Schedule F

Terminated Operations
[Agreement, Section 5(m)]

Crucible Terminated Operations

1. Trent Tube Division - Austell plant, 1220 Six Flags Road, Austell, Georgia
2. Trent Tube Division - Bremen plant, 506 Sangamore Road, Bremen, Georgia
3. Trent Tube Division - Fullerton plant, 2100 E. Orangethorpe Avenue, Fullerton, California

Crusteel Terminated Operations

None.

November 5, 1985

Schedule G

Employee Benefit Plans
[Agreement, Section 6(a)]

Crucible

Pension and Employee Profit Sharing Plans

1. The Crucible Fund for Eligible Salaried Employees of All Divisions of Crucible Materials Corporation (Plan No. 040)
Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
Trustee: [Bankers Trust Company]
Insurance Carrier: N/A
Employer Contributions: Contributions by Crucible are based upon a percentage of active participants' contributions and conditional upon the amount of Colt's net earnings and preferred stock dividends
2. Crucible Materials Corporation Retirement Plan for Salaried Employees (applies to Eligible Employees of Crucible Magnetics Division, Trent Tube Divisions [all U.S. locations]) (Plan No. 041)
Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
Trustee: Mellon Bank, N.A.
Insurance Carrier: N/A
Employer Contributions: The cost of basic plan benefits is paid for entirely by Crucible; employee makes a contribution of 2% of earnings in excess of the Social Security wage base for optional supplemental plan benefits and Crucible pays the balance of the cost
3. Magnetics Division of Crucible Materials Corporation Restated Pension Plan for Certain Employees at its Elizabethtown Plant (Plan No. 043)

- Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
- Trustee: Mellon Bank, N.A.
Insurance Carrier: N/A
Employer Contributions: Crucible pays the entire cost
of the plan
4. Pension Agreement between Colt Industries, Crucible
Materials Corporation and United Steelworkers of America
Pension Plan "A" Covering Employees of Bargaining Units
Located at Specialty Metals Division, Local 1277, 2716,
2924 of Colt Industries, Crucible Materials Corporation
(Plan No. 044)
- Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
- Trustee: Mellon Bank, N.A.
Insurance Carrier: N/A
Employer Contributions: Crucible pays the entire cost
of the plan
5. Specialty Metals Division Retirement Plan for Cleveland
Warehouse Employees between Crucible Materials Corporation
and United Steelworkers of America AFL-CIO and Local Union
No. 7822 (Plan No. 046)
- Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
- Trustee: Mellon Bank, N.A.
Insurance Carrier: N/A
Employer Contributions: Crucible pays the entire cost
of the plan
6. Trent Tube Pension Plan between Crucible Materials
Corporation and United Steelworkers of America and Local
No. 7076 (East Troy, Wisconsin Plant) (Plan No. 047)
- Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
- Trustee: Mellon Bank, N.A.
Insurance Carrier: N/A
Employer Contributions: Crucible pays the entire cost
of the plan
7. Trent Tube Division Pension Plan between Crucible Materials
Corporation and United Steelworkers of America and Local
No. 7261 (Plan No. 048) (Carrollton, Georgia Plant)
- Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
- Trustee: Mellon Bank, N.A.

Insurance Carrier: N/A

Employer Contributions: Crucible pays the entire cost of the plan

8. The Crucible Materials Corporation 1975 Salaried Retirement Plan for Eligible Employees of Crucible Compaction Metals Operation, North Fayette Township, PA; Crucible Specialty Metals Division, Geddes, NY; Crucible Materials Research Center, Robinson Township, PA. (Plan No. 051)

Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: Mellon Bank, N.A.

Insurance Carrier: N/A

Employer Contributions: The cost of basic plan benefits is paid for entirely by Crucible; employee makes a contribution of 2% of earnings in excess of the Social Security wage base for optional supplemental plan benefits and Crucible pays the balance of the cost

9. Crucible Compaction Metals Operation USW Pension Plan (Plan No. 052)

Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: Mellon Bank, N.A.

Insurance Carrier: N/A

Employer Contributions: Crucible pays the entire cost of the plan

10. Central States, Southeast and Southwest Areas Pension Fund (Crucible Specialty Metals Division, Detroit, Michigan warehouse)

Insurance Plans

1. Colt Industries Inc Travel Accident Insurance (Plan No. 520)

Name: Travel Accident Insurance

Sponsor & Address: Colt Industries Inc
430 Park Avenue
New York, NY 10022

Trustee: N/A

Insurance Carrier: Continental Casualty Co.
Chicago, IL

Employer Contributions: Colt pays the entire cost of the benefits under the Plan

2. Crucible Inc Long Term Disability Insurance Plan for Eligible Salaried Employees Specialty Metals Division, Syracuse, NY 13201; Material Research Division, Box 88, Pittsburgh, PA 15230; CCMO Division, Oakdale, PA 15031; Trent Tube Division, E. Troy, WI 53120; Trent Tube Division, Carrollton, GA 30117; Magnetics Division, Elizabethtown, KY 42701 (Plan No. 522)
Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
Trustee: N/A
Insurance Carrier: Continental Casualty Company
Employer Contributions: This is an optional plan for which the employee pays the cost of coverage based on salary. See chart on Page 8 of Summary Plan Description.
3. Crucible Inc Group Insurance Plan for Eligible Salaried Employees (Specialty Metals Division, Syracuse, NY 13201; Material Research Division, Box 88, Pittsburgh, PA 15230; CCMO Division, Oakdale, PA 15031) (Plan No. 522)
Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
Trustee: N/A
Insurance Carrier: The Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06115
Employer Contributions: Crucible pays the entire cost of the medical, dental and vision care expense plan for active eligible employees. Employees contribute toward the cost of coverage for their eligible dependents. Employees also contribute toward the cost of life insurance based on salary.
4. Insurance Benefits for Employees Represented By the United Steelworkers of America of the CCMO Division, Colt Industries, Crucible Inc. (Plan No. 522)
Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
Trustee: N/A
Insurance Carrier: The Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06115

Employer Contributions: Crucible pays the full cost for active eligible employees. As of January 1, 1986, employees will contribute for the cost of coverage for their eligible dependents.

5. Group Insurance Plan for Salaried Employees of Crucible Inc at the Trent Tube Division and Magnetics Division (Plan No. 523)

Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: N/A

Insurance Carrier: The Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06115

Employer Contributions: Crucible pays the full cost of the medical and dental expense plan for active eligible employees. Employees contribute towards the cost of coverage for their eligible dependents. Employees also contribute to the cost of life insurance based on salary.

6. Program of Insurance Benefits for Union Non-Exempt Salaried Employees, Colt Industries, Crucible Inc, Pursuant to Agreement with United Steelworkers of America (Plan No. 524)

Sponsor & Address: Colt Industries, Crucible
Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: N/A

Insurance Carrier: Blue Cross and Blue Shield
Aetna Life Insurance Company

Employer Contributions: The entire cost of the benefits under the Plan is paid for by Crucible

7. Program of Insurance Benefits for Hourly Paid Employees Colt Industries, Crucible Inc, Pursuant to Agreement with United Steelworkers of America (Plan No. 524)

Sponsor & Address: Colt Industries, Crucible
Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: N/A

Insurance Carrier: Blue Cross and Blue Shield
Aetna Life Insurance Company
Employer Contributions: The entire cost of the
benefits under the Plan is
paid for by Crucible

8. Program of Insurance Benefits for Hourly Paid Employees of the East Troy Plant, Trent Tube Division, Colt Industries, Crucible Inc Pursuant to Agreement with United Steelworkers of America (Plan No. 525)
Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
Trustee: N/A
Insurance Carrier: Blue Cross/Blue Shield of Western Pennsylvania
Aetna Life and Casualty Company
Employer Contributions: Crucible pays the entire premium, except for additional life insurance which is paid by the employee.
Effective June 1, 1985, employees will contribute towards the cost of dependent coverage.
9. Program of Insurance Benefits for Hourly Paid Employees of the Carrollton Plant, Trent Tube Division, Colt Industries, Crucible Inc Pursuant to Agreement with United Steelworkers of America (Plan No. 525)
Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
Trustee: N/A
Insurance Carrier: The Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06115
Employer Contributions: Crucible pays the entire premium, except for additional life insurance which is paid by the employee.
10. Group Insurance Plans for Eligible Salaried Pensioners Colt Industries, Crucible Inc (Plan No. 526)
Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022
Trustee: N/A
Insurance Carrier: The Aetna Life Insurance Company
Employer Contributions: The cost of the medical plan is shared by the retiree and Crucible with the retiree

paying a percentage of the total cost. Crucible pays the entire cost of the life insurance.

11. Group Insurance Plan for Eligible Salaried Pensioners Colt Industries, Crucible Inc, Trent Tube Division and Magnetics Division (Plan No. 526)

Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: N/A

Insurance Carrier: The Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06115

Employer Contributions: The cost of the medical plan is shared by the retiree and Crucible with the retiree paying a percentage of the total cost. Crucible pays the entire cost of the life insurance.

12. Program of Hospital - Medical Benefits for Eligible Pensioners & Surviving Spouses of Colt Industries, Crucible Inc, Pursuant to Agreement with United Steelworkers of America (Plan No. 527)

Sponsor & Address: Colt Industries, Crucible
Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: N/A

Insurance Carrier: Blue Cross and Blue Shield

Employer Contributions: Crucible pays the entire cost of the hospital and physicians' services benefits of this Program. The cost of the optional major medical benefits of the Program are paid for entirely by pensioners and surviving spouses electing such coverage.

13. Group Insurance Plan for Hourly Paid Employees of Colt Industries, Crucible Inc, Magnetics Division, Elizabethtown, KY 42701, Pursuant to Agreement with the International Union of Electrical, Radio and Machine Workers, AFL-CIO - Local No. 762 (Plan No. 528)

Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: N/A

Insurance Carrier: Phoenix Mutual Life Insurance Company; Blue Cross/Blue Shield of Kentucky and Aetna Life Insurance Company

Employer Contributions: The employee contributes for eligible dependent coverage. The cost of all other benefits is paid entirely by Crucible at no cost to the employee.

14. Supplemental Unemployment Benefit Plan for Employees of Crucible Materials Corporation, Specialty Metals Division Established Pursuant to Agreement with United Steelworkers of America (Plan No. 531) (old plan and draft new plan)

Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: Manufacturers Hanover Trust Company
600 Fifth Avenue
New York, NY 10020

Insurance Carrier: N/A

Employer Contributions: Crucible contributions are based on hours worked to a specified maximum.

15. Group Insurance Plan for Eligible, Non-Exempt Union Employees of Crucible Inc, Specialty Metals Division, Syracuse, NY 13201, (Cleveland District) (Plan No. 537)

Sponsor & Address: Crucible Materials Corporation
430 Park Avenue
New York, NY 10022

Trustee: N/A

Insurance Carrier: The Aetna Life Insurance Company
151 Farmington Avenue
Hartford, CT 06115

Employer Contributions: Contributions for life insurance are based on salary. Medical benefits are paid in full by Crucible.

16. Michigan Conference of Teamsters Welfare Fund (Crucible Specialty Metals Division, Detroit, Michigan warehouse)

Special Employee Benefit Plans

Except as otherwise indicated, each of the following plans is sponsored by Colt Industries Inc, 430 Park Avenue, New York, New York for certain executive employees and none of the plans have either trustees or insurance carriers.

1. Incentive Plan for Certain Employees of Colt Industries Inc and its Subsidiaries
Employer Contributions: Colt Industries Inc - provided minimum profits are achieved, as specified in the plan, awards under the plan are determined by a committee of the Board of Directors of Colt Industries Inc and made annually in January based upon performance during the prior calendar year to officers of Colt and certain headquarters personnel
2. Divisional Incentive Compensation Program
Sponsor & Address: Divisions of Colt Industries Inc
Employer Contributions: Divisions of Colt Industries Inc - contingent upon achievement of specific divisional objectives, cash awards are made to divisional presidents, vice presidents and other divisional executives
3. 1977 Long-Term Performance Plan
Employer Contributions: Colt Industries Inc - performance shares awarded under the plan accrue value annually over a ten year period based on net profits of Colt Industries Inc
4. Capital Accumulation Plan
Employer Contributions: Colt Industries Inc - recipients of awards have amounts credited to deferred accounts to which additional compensatory amounts are credited annually based on after-tax return on total capital with accumulated amounts payable generally at the end of ten years

5. Deferred Compensation Agreements

Employer Contributions: Colt Industries Inc - recipients of awards have amounts credited to deferred accounts to which additional compensatory amounts are credited annually based on a specified bank's prime rate with accumulated amounts payable generally at the end of ten years

6. Family Protection Program

Insurance Carrier: N/A [life insurance policies finance certain obligations]
Employer Contributions: Colt Industries Inc - in the event of the participant's death within 7 years from the date of issuance of an insurance policy on the participant's life obtained by Colt Industries Inc from Connecticut Mutual Life Insurance Company, amounts based on participant's annual compensation and limited by the net proceeds of such policy are payable to the participant's beneficiary annually over a 15 year period

7. Employee Stock Option Plans

Employer Contributions: Colt Industries Inc - incentive stock options and non-qualified stock options to purchase common stock of Colt Industries Inc at 100% of market price on the date of grant are granted to participants, exercisable in cumulative installments over a ten year period. In connection with the exercise of such options by officers of Colt Industries Inc, upon approval by the Stock Option and Compensation Committee, loans for the option exercise price secured by the shares issued as a result of the exercise and unsecured loans

for the resulting taxes thereon have been made by Colt Industries Inc at interest rates of either 6-1/2% or 9% depending upon the type of option exercised

8. Financial Counseling Program
Selected executives of Colt Industries Inc receive assistance from approved counselors in the following areas: financial and investment planning; estate counseling; and income tax counseling and return preparation. Costs of such counseling are paid by Colt Industries Inc within maximum ranges.
9. Arrangements to provide benefits approximately equal to benefits provided to participants in the Retirement Plan for Salaried Employees of Colt Industries Inc and the Retirement Savings Plan for Salaried Employees of Colt Industries Inc whose benefits under such plans are limited by certain provisions of the Internal Revenue Code have been made by Crucible Materials Corporation with one officer of Colt Industries Inc who is an officer of Crucible Materials Corporation and is not covered by the aforesaid Retirement or Retirement Savings Plan.
10. Crucible Materials Corporation has committed to loan \$40,000 to an executive of Crucible to be evidenced by a Promissory Note (Unsecured) payable on fixed dates or earlier under certain specified circumstances.
11. Annual physical examinations by approved organizations or physicians are provided by Colt Industries Inc to certain executives.
12. Automobiles constituting part of a fleet of company automobiles are assigned to certain executives with arrangements for reimbursement for any personal use of such automobiles by the executives.
13. Relocation Expenses Reimbursed for Certain New Hired and Relocated Employees.
The items of expense covered include:
 1. cost of moving household goods;
 2. brokerage fees on sale of house;
 3. closing costs on new home;
 4. legal fees associated with the sale and purchase of the homes involved;
 5. up to one month's salary for miscellaneous expenses;
 6. mortgage interest differential payment.

14. Excess Personal Liability Insurance for Certain Executive Employees.
Insurance Carrier: Kemper Group
Employer Contributions: Colt pays the entire premium, the amount of which is then included in employee's income
15. Excess Long-Term Disability Insurance for Certain Executive Employees.
Insurance Carrier: National Benefit Life Insurance Company and Guardian Life Insurance Company
Employer Contributions: Colt pays the entire premium, the amount of which is then included in employee's income

Other Employee Benefits for Non-Union Employees

1. Severance and Termination Allowance Policy for Non-Union, Salaried Employees of Crucible Materials Corporation:
Severance allowance, subject to conditions stated in policy, may be payable to eligible employees who are terminated solely by reason of the shutdown or significant and distant relocation of Crucible facilities and who are not terminated at their own election; and, termination allowance may be payable, subject to conditions stated in policy, to eligible employees whose employment is terminated by Crucible without prejudice.
2. Crucible Research Center:
Provision for payment for time spent on jury duty.
Payment for certain specified holidays.
Payment of salary continuance for absence from work due to personal accident or illness.
Military encampment allowance paid to employees attending military reserve camp.
Payment of salary during authorized leaves of absence.
Payment for vacation based upon years of service including a provision for deferred vacation.
Tuition aid program provides for payment of tuition fees for courses of study under certain conditions.
Provision for payment of meal allowance under certain conditions.
Payment for part of the cost of safety shoes.
Payment for safety glasses for employees.
Reimbursement for certain specified expenses when an employee is transferred and has to relocate.
Lump sum pay increase program.

3. Crucible Compaction Metals Operation:
 - Vacation policy for exempt and non-exempt salaried employees provides for varying amounts of paid vacation based upon years of service.
 - Payments by the Operation for safety shoes and for safety glasses.
 - Tuition aid program provides for payment of tuition fees for courses of study under certain conditions.
 - Payment for certain specified holidays.
 - Payment of salary differential for time spent on jury duty.
 - Payment for time spent at military reserve encampment.
 - Time off without pay for authorized leaves of absence.
 - Extended work week Compensation Plan.
 - Transfer and relocation expense reimbursement.
 - Payment of salary continuance for absence from work due to personal accident or illness.
4. Crucible Magnetics Division:
 - Payment of salary continuance for absence from work due to personal accident or illness.
 - Vacation policy provides for varying amounts of paid vacation based upon years of service and includes a provision for deferred vacation.
 - Tuition aid program provides for payment of tuition fees for courses of study under certain conditions.
 - Payment for certain specified holidays.
 - Field salesmen incentive plan based upon volume of sales and new accounts or business.
 - Sales manager incentive plan based upon percentage of field salesmen's incentive payments.
 - Payment for safety glasses.
 - Payment of salary or salary differential for time spent on jury duty.
 - Military encampment allowance paid to employees attending military reserve camp.
 - Payment of salary during authorized leaves of absence.
 - Payment for part of the cost of safety shoes.
 - Lump sum pay increase program.
5. Crucible Specialty Metals Division:
 - Tuition aid program provides for payment of tuition fees for courses of study under certain conditions.
 - Vacation policy for exempt and non-exempt salaried employees provides for varying amounts of paid vacation based upon years of service.
 - Payment for certain counselling services for employees.
 - District sales managers' and field salesmen incentive program with payments being based upon the profit performance of each district or field salesman.

Payment for part of the cost of safety shoes and safety glasses.
Provision for payment for time spent on jury duty and for absence from work for bona fide personal accidents or illness.
Military encampment allowance paid to employees attending military reserve camp.
Seminar or training program attendance.
Extended work week compensation plan.
Transfer and relocation expense reimbursement.
Lump sum pay increase program.

6. Trent Tube Division:

Payment for certain specified holidays.
Payment for counselling services for employees having family or marital problems, alcohol or other drug abuse, financial complications or other problems.
Tuition aid program provides for payment of tuition fees for courses of study under certain conditions.
Vacation policy for exempt and non-exempt salaried employees provides for varying amounts of paid vacation based upon years of service.
Payment of part of the cost of safety shoes and safety glasses.
Payment for time spent on jury duty.
Payment of salary differential for time spent on military reserve encampment.
Authorized leaves of absence with no pay or with partial pay.
Sales incentive plan with outside salesman based upon sales quotas.
Sales incentive plan with inside salesman based upon sales quota and profit target.
Sales incentive plan with product managers based upon profit target.
Severance allowances may be authorized in certain circumstances.

Other Employee Benefits for Union Employees

Other employee benefits for union employees are described in the collective bargaining agreements listed below.

1. 1984/1987 Agreement between Crucible Materials Corporation Magnetics Division and the International Union of Electronic, Electrical, Technical, Salaried, and Machine Workers, AFL-CIO, Local 762
2. Agreement between East Troy Plant, Crucible Materials Corporation Trent Tube Division and the United Steelworkers of America, dated June 1, 1984

3. Agreement between Carrollton Plant, Colt Industries Trent Tube Division and the United Steelworkers of America, Local Union 7261, dated September 13, 1984
4. Agreement between Crucible Materials Corporation Specialty Metals Division and the United Steelworkers of America, dated June 1, 1983
5. Agreement between Crucible Specialty Metals, a Division of Crucible Materials Corporation and the United Steelworkers of America, Office & Technical & Plant Protection Employees - Syracuse, dated June 1, 1983
6. Agreement between Crucible Compaction Metals Operation and the International Union of the United Steel Workers of America, Local Union No 14034, dated December 7, 1984.
7. March 1, 1983 Agreement between Crucible Specialty Metals Division and United Steelworkers of America, Local Union 7822, District No. 28 (Cleveland, Ohio Warehouse)
8. July 1, 1985 Agreement by and between Crucible Specialty Metals Division, a Division of Crucible Materials Corporation and Local Union No. 299, affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (Detroit, Michigan Warehouse)

Crusteel

1. Crusteel Limited Pension and Life Assurance Scheme
Sponsor & Address: Crusteel Limited
Rutland Way
Sheffield
Yorkshire, England
Trustee: A committee of employees
Insurance Carrier: The Scottish Amicable Insurance Company
Employer Contributions: This plan is supplemental to the state-run pension scheme. Only permanent staff members are eligible. Employer and employee contribute based on a percentage of the employee's salary.
2. National Pension Scheme
Crusteel and its employees contribute to the state-run pension scheme at the rate established by the government.

3. B.U.P.A. (British United Provident Association)
private medical health insurance program
Sponsor & Address: Crusteel Limited
Rutland Way
Sheffield
Yorkshire, England
Trustee: N/A
Insurance Carrier: British United Provident
Association
Employer Contributions: Crusteel pays the entire cost
of the program
4. The Crusteel Ltd. Permanent Health Insurance Scheme
(disability insurance)
Sponsor & Address: Crusteel Limited
Rutland Way
Sheffield
Yorkshire, England
Trustee: N/A
Insurance Carrier: N.E.L. (National Employers
Liability) Permanent Health
Insurance Scheme
Employer Contributions: Crusteel pays the entire cost
of the Scheme
5. Bonus & Incentive Scheme 1984
Discretionary bonuses are paid to participants by
Crusteel based upon target accumulated profits.
6. Vacation Practice
25 annual days and 8 statutory days.

November 5, 1985

Schedule H

Industrial Development Bonds
[Agreement, Section 7(d)]

1. Allegheny County Industrial Development Authority
\$1,000,000 Industrial Development Refunding Revenue Bonds
(Colt Industries Project) Series 1978 - 7-1/4% due 1998 -
2008.
2. Onondaga County Industrial Development Agency \$5,215,000
Pollution Control Refunding Revenue Bond Series 1978 -
7-1/4% due 1998 - 2008.
3. Onondaga County Industrial Development Agency \$2,575,000
Pollution Control Revenue Bonds (Colt Industries Inc
Project) Series 1980 - 9-7/8% due 2010.
4. City of Elizabethtown (Kentucky) \$560,000 Industrial
Building Revenue Bonds - 4-1/8% due 1985 - 1986.
5. City of Elizabethtown, Kentucky \$5,800,000 Industrial
Development Revenue Bonds (Colt Industries Project) Series
1980 - 9-7/8% due 2006 - 2010.
6. The Industrial Development Board of the City of Huntsville
(Alabama) \$575,000 Industrial Development Revenue Bonds
(Colt Industries Inc Project) Series 1980 - 9-7/8% due
2006 - 2010.

November 5, 1985

Schedule I

Crucible Employees Who Will Become
Participants in the Crucible Salaried Plans
[Agreement, Section 6(f)]

<u>Employee</u>	<u>Job Title</u>	<u>Division</u>
Lewis, G.	Vice President Marketing	Crucible Magnetics Division
Bryant, J.	VP & General Manager Ceramics	
Smith, C.	Chief Engineer Systems	
Wohlers, C.	Product Manager Ceramics	
Haswell, W.	Vice President Technology	Crucible Specialty Metals Division
Nolan, D.	Vice President Purchasing	
Parkes, N.	Assistant Controller	
Stevenson, J.	Vice President Marketing	
White, R.	Marketing Manager	
Wright, J.	Director Mill Metallurgy	Trent Tube Division
Brossman, W.	Plant Manager	
Greeley, I.	Plant Manager	
Petro, F.	Division President	
Stam, J.	Plant Manager	Crucible Compaction Metals Operation
Bishop, M.	Manager of Sales	
McTiernan, B.	Supervisor Process Engineering	
Woodhul, E.	Process Engineer	
Vensel, J.	Deputy Group Executive	

November 5, 1985

Schedule J

Non-Crucible Employees Who
Will Be Transferred Out of the
Crucible Salaried Plans

[Agreement, Section 6(f)]

R. Bird
K. Lynn
A. Gumz

Garlock
Colt N.Y.
Farnam

November 5, 1985

Schedule K

Certain Environmental Matters
[Agreement, Section 5(q)]

A. Crucible Magnetics Division

1. On March 26, 1982, Crucible was notified by the Environmental Protection Agency ("EPA") and the Attorney General of the State of Ohio that it had sent hazardous wastes to a hazardous waste facility operated by Chem-Dyne in Hamilton County, Ohio. The EPA Notice stated that Crucible was one of the parties responsible for cleaning up such site pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). The State of Ohio has informed Crucible that removal and remedial actions performed at such site from July 1979 through March 1982 have totalled \$421,000 and has estimated that the total cost of cleaning up the site and of damage to the natural resources of the State of Ohio could be as much as \$20,000,000.
2. U.S.A. v. Chem-Dyne Corp, et al., U.S. District Court for Southern District of Ohio, Case Nos. C-1-82-840 and C-1-82-962
 - (a) Third-party complaint filed by major generators of hazardous wastes shipped to Chem-Dyne site in Hamilton County, Ohio, against minor generators seeking indemnification and contribution under CERCLA. Crucible has filed a motion for summary judgment dismissing the complaint on the ground that it did not ship any waste material to the site.
 - (b) Relief Sought - All costs of clean-up of hazardous waste site, estimated at \$20,421,000. The major generators have proposed a settlement with Crucible as to the surface water claims only for slightly less than \$20,000 and as to all claims for slightly less than \$50,000, which Crucible has rejected.
 - (c) Insurance - None

(d) Counsel - Blair S. McMillin, Esq.
Reed Smith Shaw & McClay
Union Trust Building
Pittsburgh, PA
(412) 288-3131

3. On July 26, 1982, Crucible was notified by the United States Department of Justice that the EPA had determined that it was one of many potentially responsible parties, pursuant to CERCLA, for cleaning up a hazardous waste site located in Seymour, Indiana. The records available indicated that the Crucible Magnetics Division had delivered a small number of drums of waste material to the Seymour site. In November 1982, Colt accepted a settlement offer pursuant to which the United States, the EPA and local governmental authorities covenanted not to sue Colt or any of its subsidiaries with respect to the Seymour site in consideration of payments by Colt of approximately \$12,500 (of which \$4,684 was attributable to and paid by the Magnetics Division and the remainder related to another Colt division), which amount represents the Government's determination of Colt's pro rata share of estimated total clean-up costs of \$30,000,000, based on Colt's apportioned shares of the total estimated waste shipped to the Seymour site. The settlement became final after execution of the agreement by the United States and other governmental authorities in August 1983.
4. On May 10, 1984, the Crucible Magnetics Division was notified by the EPA that it was a potentially responsible party for cleaning up a hazardous wastes site in Zionsville, Indiana operated by the Environmental Conservation and Chemical Corporation, also known as Enviro-Chem.

B. Crucible Compaction Metals Operation ("CCMO")

1. Application No. 0285441 for a water quality management permit to construct a sanitary water treatment system was filed with the Pennsylvania Department of Environmental Resources. By a letter, dated October 17, 1985, the Department requested additional information and changes with respect to the construction plan in connection with its review of the permit.

C. Trent Tube Division

1. By letter, dated December 12, 1983, the Wisconsin

Department of Natural Resources issued a notice of violation to the Trent Tube Division with respect to discharges exceeding daily maximum effluent limitations at Plants Nos. 1, 2 and 3 in East Troy, Wisconsin with notification that regulations provide for forfeitures of up to \$10,000 per day of violation. On January 18, 1985, the Division forwarded to the Department plans to modify the existing water pollution treatment plant. Capital costs are currently estimated to be \$500,000. On March 25, 1985, the Department approved the plans for modification of the existing pretreatment plant. Such modifications have been completed and it is anticipated that the Department will conduct an inspection shortly.

2. By letter, dated July 12, 1984, the Wisconsin Department of Natural Resources notified the Trent Tube Division that violations of Wisconsin air pollution control regulations may exist as a result of the operation at the Trent Tube Division facilities in East Troy, Wisconsin of two acid pickling baths, an annealing furnace and a boiler without any permits for such sources having been obtained. Since then, the Department notified the Division that it was waiving the requirement of permits for the annealing furnace and the boiler. On March 11, 1985, the Department issued air pollution permit No. 84DAA84DAA229 for one acid pickle stack (north pickle - Trentweld), but will require permits for three additional acid pickle stacks at the facilities.

D. Crucible Specialty Metals Division

1. Friends of the Earth, Atlantic States Legal Foundation and C. G. Spies v. Crucible Materials Corporation,
United States District Court for the Northern District of New York (Civil Action No. 84-CV-286)
 - (a) Citizen's suit under Section 505(a) of the Federal Water Pollution Control Act alleging violations by Crucible of the Act from 1977 to date, by exceeding the effluent limitations of Crucible's NPDES/SPDES water pollution permit. The plaintiffs have filed a motion for partial summary judgment on the issue of Crucible's liability.
 - (b) Relief Sought - The complaint seeks a declaratory judgment that Crucible has violated and continues to be in violation of the Water Pollution Control Act, an injunction enjoining Crucible from operating its Syracuse, New York steel manufacturing plant in such manner as will result

in further violations, authorization for plaintiffs to sample or to arrange for sampling of pollutant discharges from Crucible's Syracuse plant for a period of one year after Crucible achieves compliance with all of the permit limitations, ordering Crucible to provide the plaintiffs for one year following entry of an order by the Court with copies of all reports and other documents that Crucible submits to Federal or state governmental authorities regarding its permit, requiring Crucible to pay civil penalties of \$10,000 per day of violation for each violation of the Pollution Control Act and for an award to the plaintiffs of their costs, including reasonable attorneys' and expert witnesses' fees.

(c) Insurance - None

(d) Counsel - Theodore Garrett, Esq.
Covington & Burling
121 Pennsylvania Avenue, N.W.
Washington, DC
(202) 662-6000

2. On February 26, 1982, Crucible was notified by the EPA that hazardous wastes had been hauled from the Crucible Specialty Metals Division near Syracuse, New York, to a hazardous waste treatment facility in Oswego, New York, operated by Pollution Abatement Services of Oswego, Inc. The EPA notice stated that Crucible was one of the parties responsible for cleaning up the Oswego site pursuant to CERCLA. On December 7, 1983, Crucible was notified that eight additional sites, to which wastes originally stored at the Oswego site were ultimately deposited, are also involved in the clean-up program. A report issued by the EPA on March 12, 1982, stated that \$2,400,000 had been committed to the treatment and removal of toxic waste from the Oswego site and that an additional \$3,400,000 had been allocated to the final closure of the site.
3. On October 11, 1983, the Department of Sanitation of the City of New York notified the Crucible Specialty Metals Division that it was one of many potentially responsible parties, pursuant to CERCLA, for cleaning up a hazardous waste site in Long Island City, New York operated by Hudson Oil Refining Corp. The Division has been informed that the main waste contaminant at this site is polychlorinated biphenols.

4. On December 6, 1983, the Crucible Specialty Metals Division was notified by the New York Department of Environmental Conservation that it was a potentially responsible party for cleaning up a hazardous waste site operated by the Division in Geddes, New York. On October 16, 1985, Crucible filed with the EPA a proposed revised closure plan for this site with estimated closure costs of \$3,222,877 and estimated post-closure costs of \$1,374,000.
5. On March 25, 1985, the New York Department of Environmental Conservation released a list of hazardous waste sites in the State of New York, which includes three sites at which waste from the Specialty Metals Division has been deposited in the past, in addition to the State Fair landfill operated by the Division. On August 18, 1984, the Division filed with the Department a Hazardous Waste Disposal questionnaire listing five sites at which waste has been deposited in the past by the Division in addition to the State Fair landfill.
6. Application for renewal of SPDES Permit No. NY0000825 was filed with the New York Department of Environmental Conservation on May 4, 1984, covering discharge of pollutants from the Specialty Metals facility in Geddes, New York. Objections to limitations contained in the draft renewal permit issued by the Department on February 4, 1985 and a request for a variance with respect to certain of such limitations were filed with the Department on April 10, 1985.
7. On June 24, 1985, the New York Department of Environmental Conservation issued a notice that boiler No. 9 at the Specialty Metals Division, Syracuse plant, was not in compliance with applicable air pollution regulations. The Division is installing corrective pollution control equipment.